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Japan

80 Illegal Chinese Entrants To Be Put on Trial

OW1908124792 Tokyo KYODO in English 1202 GMT 19 Aug 92

[Text] Kochibn Aug. 19 KYODO—Prosecutors on Wednesday indicted 80 Chinese men for allegedly violating the immigration law by smuggling themselves into the country without passports.

The Kochi District Public Prosecutors' office said the Chinese belong to a group of 88 who came from the southeastern coastal province of Fujian on board a fishing boat.

All in the group were seized along with the ship on July 29.

Of the 88, six juveniles were sent to the Kochi family court.

The prosecution said it has dropped charges on the remaining two, who possessed passports, and handed them to the immigration office for deportation.

According to the indictment, 67 of the 80 boarded the fishing boat Minfuyu 3221 in Fujian Province's Putian District on July 23 and entered Japan's territorial waters off Cape Muroto in Kochi Prefecture on July 28.

The remaining 13 were crew members of the ship, who besides violating the immigration law themselves, helped the others enter Japan illegally, the indictment said.

The law sets a punishment of up to three years in prison for foreigners who enter the country without effective passports.

Details on Dispatch of Peacekeepers to Cambodia

OW2008010592 Tokyo KYODO in English 0937 GMT 19 Aug 92

[Text] Tokyo, Aug. 19 KYODO—The cabinet will work out a detailed plan in early September for the dispatch of Self-Defense Forces (SDF) personnel and civilians to Cambodia to join U.N. peacekeeping operations there, government sources said Wednesday.

This follows the return to Japan from Cambodia the same day of a 29-member fact-finding mission consisting of mainly SDF personnel.

The mission, the second to Cambodia, was there to assess arrangements for the dispatch of a contingent of 600 SDF personnel, mainly engineers, to help repair roads and bridges in the war-devastated country. The first mission visited in early July.

In June, Japan enacted a law which allows Japanese troops to join U.N. peacekeeping missions. The law took effect in early August.

Authorization will take the form of the issuance of cabinet ordinances establishing a special peacekeeping force and a special allowance to be paid to its members, the sources said.

Prime Minister Kiichi Miyazawa will meet early next week in Tokyo with Yasushi Akashi, head of the U.N. Transitional Authority in Cambodia (UNTAC), to officially convey Japan's decision to send peacekeepers, the sources said.

Based on their discussions, the government is expected to draw up an agreement with the United Nations detailing plans for the team's dispatch and the terms under which it would have to withdraw.

The plans will cover back-up assistance in the form of road and bridge repair by the SDF engineers, ceasefire monitoring, and civilian policing, based on reports from the two fact-finding missions to Cambodia.

Once the formalities are completed, the government will dispatch for ceasefire monitoring duties the eight high-ranking SDF personnel currently training in Sweden by mid-September, and an advance party of about 12 engineers around the same time.

In late September, a further group of about 100 SDF personnel will leave, according to the sources.

The Defense Agency has already decided to dispatch members of the 4th Engineering Brigade in Uji, Kyoto. They will be fully deployed in Cambodia by the end of October.

The National Police Agency is also preparing to dispatch about 75 personnel for civilian police duties by early October, the sources said.

The Foreign Ministry will also shortly dispatch Tadashi Ikeda, the head of its Asian Affairs Bureau, to Thailand in an attempt to persuade the Khmer Rouge guerrilla faction to disarm, the sources said.

Ikeda will propose the formation of a committee to confirm the withdrawal of all Vietnamese forces from Cambodia, one of the terms the faction has set for disarmament.

C. Itoh, British Firm Sign SRV Oil Contract

OW1908124992 Tokyo KYODO in English 1214 GMT 19 Aug 92

[Text] Tokyo, Aug. 19 KYODO—C. Itoh and Co. said Wednesday its oil exploration subsidiary and Lasmo PLC [Public Limited Company] of Britain signed a contract with Vietnam's state-run oil company to explore an oil field off southern Vietnam.

The signing came as C. Itoh Energy Development Co. and the British oil exploration company were awarded recently a right to develop the unexplored deepwater field, located near the prospective Daihung field.

The two companies will begin trial drillings next year and share exploration costs with the aim of starting production in 1997, the major Japanese trading house said.

Lasmo will serve as the operator of the oil field. C. Itoh said it plans to export the oil from the field to Japan and other Asian nations.

Institutions Plan Easier Credit Liquidation

OW1908121792 Tokyo KYODO in English 1024 GMT 19 Aug 92

[Text] Tokyo, Aug. 19 KYODO—Commercial banks and other major financial institutions are considering adopting a new, low-risk method to facilitate liquidation of corporate loans to other concerns as a measure to improve capital-to-assets ratios, financial sources said Wednesday.

The move follows a package of financial measures announced Tuesday by the Ministry of Finance to help beleaguered financial institutions.

Featuring discount and resale of the credit in small units, the new method is expected to attract wide-ranging investors, the sources said.

With the conventional method of directly selling large-lot debt claims, investors are limited due to the difficulty in judging credit risks, they noted.

Decreasing the balance of loans extended to companies leads to the lowering of bank assets. Financial institutions hope the new method will help raise sharply the capital-to-assets ratios, the sources said.

The new method comes in addition to other measures, including subordinate loans, being employed by banks aimed at increasing capital.

Net worth ratios of Japanese banks have declined considerably due to the prolonged stock market slump, and some major commercial banks are apparently failing to meet the 8 percent capital-adequacy standard required by the Basel-based Bank for International Settlements by the spring of 1993.

Under the new method, financial institutions will sell their corporate debt claims to large investors, such as insurance firms, at a discount. To scatter risks of defaults by debtors, those large investors in turn team up with trust banks to securitize the claims into small-lot certificates with a minimum denomination of 100 million yen.

The certificates are for sale to companies and other investors, and carry a repurchase agreement with insurance companies in the case of bankruptcy by the debtor companies. The method ensures the principal to investors.

Banks Study Real Estate-Buying Firm 'Scheme'

OW1908232492 Tokyo KYODO in English 2308 GMT 19 Aug 92

[Text] Tokyo, Aug. 20 KYODO—Mitsubishi Bank and other major commercial banks are studying a scheme to set up a joint company to purchase real estate to help amortize their property-related bad loans, banking industry sources said late Wednesday.

Officials of Mitsubishi Bank, whose president also serves as head of the Federation of Bankers Associations of Japan, said the bank is positively studying the plan. Other major commercial banks are also following suit, the sources said.

The plan, supported by the Finance Ministry and the Bank of Japan (BOJ), is designed to help financial institutions burdened by increasing bad loans restore their sound management.

Under the scheme, the financial institutions would use the proposed company to purchase real estate owned by their nonbank affiliates in order to reduce their exposure to property-related bad loans.

Officials of the BOJ and major financial institutions discussed details of the plan, including the scale of the proposed real estate-purchasing company, in an unofficial meeting Wednesday, the sources said.

The value of properties related to bad loans plunged in the wake of the burst of Japan's so-called "bubble economy," weakening management at the financial institutions.

The real estate purchases would require at least several trillion yen, the sources said.

Nagano Urges Measures To Prevent 'Recession'

OW2008052592 Tokyo KYODO in English 0503 GMT 20 Aug 92

[Text] Fujiyoshida, Yamanashi Pref., Aug. 20 KYODO—The government should carry out measures to prevent a "financial recession," the head of the Japan Federation of Employers' Associations (Nikkeiren) said Thursday.

"What is unfortunate now for the stagnant domestic economy is that financial institutions have shrunk due to bad loans at their hands," said Takeshi Nagano, president of the influential business leaders' group.

The comment came in his opening speech of the organization's three-day management seminar.

Nagano said the government should consider tax cuts on income and corporate investment at a scale of some 3 trillion yen.

The government may issue debt-financing bonds as a resource for the tax cut, if necessary, he said.

"I have called for such measures as a quick remedy, even though the effectiveness would be temporary," he said,

adding that the priority now is to bring the Japanese economy back on track to stable growth as soon as possible.

In a Nikkeiren seminar, business leaders are expected to discuss correcting product price gaps between domestic and overseas markets and administrative reforms on the political front.

Firms Cope With Changed Business Conditions

922A0294A Tokyo ECONOMY SOCIETY POLICY in Japanese Jun 92 pp 88-92

[Article by Isao Kobata, EPA Research Bureau Business Statistics Research Division member: "1991 Survey on Corporate Activities"]

[Text] The Japanese economy and Japanese corporations are currently experiencing a great change in terms of both business cycle and structural aspects.

As for the business cycle, the high growth, which has lasted for the past four years, has slowed dramatically, and corporate business prospects are dim. Due to sluggish demand, inventories have increased, and production is being suppressed. Plant and equipment investments which have supported the high rate of growth due to abundant funds made available by low interest rates and a prosperous stock market in addition to high demand and high profit, are declining sharply. Inventory and plant and equipment investments were said to be less affected by the business cycle. In other words, because of the development of inventory control techniques, inventories have decreased, and the fluctuation rate has been reduced. Rationalization and labor reduction investments seem to have been carried out regardless of business fluctuations. It seemes as though corporations have gained a free hand for raising funds, due to financial deregulation and internationalization, as well as the easy-money policy and a jump in stock prices. It seems necessary, as we are now at a turning point in the business cycle, to review to what extent inventory and plant and equipment investments are affected by business fluctuations.

Regarding the structural aspect, the very existence of corporations is being questioned. Japanese corporations since World War II have established various business and keiretsu groups, and with the help of employees' diligence and loyalty, they have been pursuing economic efficiency intensively. However, this system has been questioned lately on several points. First, as a result of internationalization, there is international criticism of the so-called "Japanese-style management system." Second, as people's lives become increasingly affluent, their value system changes. Their attitude toward their employers is changing from the traditional "work first" mentality. Third, concerning the relationship between corporations and society, corporations are not viewed as being engaged only in production activities and providing employment opportunities. People are taking an increasing interest in the way corporations should exist socially as well as their contribution to society. Without a doubt, the meaning and shape of corporations' existence are being questioned.

This year's survey was conducted to examine basic management policies, such as corporations' economic environment, plant and equipment investments, and employment trends. In addition, the survey was conducted on inventory control trends in response to business fluctuations, autonomy of corporate finances in relation to the changing financial situation, and the philosophy and attitude concerning corporate activities.

The following is the outline of the results of the "1991 Survey on Corporate Activities".

1. Management Environment and Basic Management Policy

Even though 1992's real economic growth rate is being forecast at an average of 3.1 percent, which means a continuous decline in the growth rate, the growth rate for the next three years is forecast at 3.4 percent and for the next five years at 3.5 percent. Stable midterm growth is expected. Also, concerning business world demand (or industrial demand), in 1992 the average was 2.7 percent and the forecast looked rather circumspect, especially in manufacturing industries. However, a stable growth rate of 3.5 percent is expected over the midterm (3.6 percent over the next three years and 3.8 percent over the next five years). (Refer to Table 1.)

Table 1. Growth Rate Forecast

	1992		Next Three Years		Next Five Years	
	Companies Responding	Economic Growth Rate	Companies Responding	Economic Growth Rate	Companies Responding	Economic Growth Rate
Economic growth rate	1,262	3.1%	1,240	3.4%	1,229	3.5%
Industry growth rate	1,216	2.7%	1,204	3.6%	1,195	3.8%

Influenced by these forecasts, plant and equipment investments are also expected to increase. The increase of corporate investment plans is forecast at a 4.6-percent annual average over the next three years. This is less than half the 10.9-percent average of the past three years. The rate of increase dropped sharply in material manufacturing industries. When examining deciding factors for plant and equipment investments (Table 2), "demand trend" and "profit standard (or level)" account for a large portion of the investments used to increase

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capacity. While the "interest rate trend" accounts for more than 20 percent, "liquidity" and the "stock market trend" are not considered to be significant factors. Rationalization and labor reduction investments as well as research and development investments are greatly influenced by "labor shortages" and "other companies' trends" as you can see. "Demand trend" and "profit standard (or level)" are generally said to be independent investments, but they have a relatively strong influence. In all categories, an increasing number of corporations are studying the "interest trends" of the next three years. This is a reflection of recent changes in the financial situation.

Table 2. Deciding Factors for Plant and Equipment Investments in the Next Three Years

(Unit: percent)

	Companies Responding	Interest Rate Trend	Domestic and Foreign Demand Trend	Profit Level	Liquidity	Stock Market Trend	Labor Shortages	Land Price Trend	Other Companies' Trend	Other	No Particular Deciding Factor
Investments that increase capacity	1,258 (1,267)	24.4 (17.0)	75.0 (77.3)	60.7 (56.3)	11.7 (11.0)	4.6 (4.8)	17.3 (20.7)	3.2 (3.2)	2.5 (3.4)		
Rationalization, labor reduction investments	1,251 (1,253)	16.9 (13.3)	30.5 (31.8)	63.1 (60.2)	9.7 (8.9)	2.0 (2.1)	69.6 (66.0)	0.8 (0.9)	10.6 (11.9)	4.2 (4.0)	3.4 (4.2)
Research and development investment	1,164 (1,169)	9.5 (7.5)	54.5 (53.1)	52.7 (49.0)	9.3 (8.0)	1.7 (1.6)	7.6 (6.2)	1.2 (1.1)	35.9 (37.0)	7.7 (7.7)	11.9 (13.7)

1. The figures in () are response rates.
2. Multiple answers received (not more than three).

The ratio of investments to increase capacity as part of plant and equipment investment will decrease slightly, however, the ratio of rationalization and labor reduction investments as well as research and development investment will tend to increase.

Concerning the employment trend for the next three years, approximately 50 percent of the corporations surveyed are planning to increase employment. A strong desire to employ can still be seen. More than half of the corporations expect that recruitment remain difficult. They think that the employment situation for corporations will continue to be severe. In the interview conducted with high-grade regional (local) corporations, some showed concern about the difficulty of recruitment due to other companies' relocating in their areas. (There will be more competition.) Several corporations pointed out the shortage of engineers available for employment.

Examining the labor shortage measures, while only about 30 percent of the corporations have said a "pay raise" is necessary, 50 percent insist that they need "to improve their benefits system" and "to secure their personnel by reducing work hours." Each is determined to make their corporation more appealing by improving the work environment and conditions.

2. Inventory Control Trends To Meet Business Fluctuations

In the past three years, almost half of the corporations increased their inventory. However, more than 30 percent of the corporations are planning to decrease inventory in the next three years. This ratio has increased compared to the number of companies which have decreased inventory in the past three years.

As a reason for the decrease in inventory in the past three years, 50.6 percent of the corporations pointed out the improvement in production flexibility. Next was the improvement in inventory-control methods brought about by the installation of the computer system (POS) (37.2 percent), and the improvement in inventory control methods brought about by the installation of the just-in-time [kanban] method (22.4 percent). Some of the corporations, whose inventory has increased in the past three years, state that, in addition to decreased demand, diversified products and parts also contribute to the increase of the total stock (inventory).

As for the problems that need to be solved concerning the kanban method, high distribution costs caused by labor shortages (50.0 percent), and consideration for the other company (or the partner) (35.3 percent) were listed.

When choosing to deal with demand fluctuations by employing production flexibility rather than inventory

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adjustment, more companies are trying to change production by adjusting equipment capacity utilization and work hours instead of adjusting the number of employees. This indicates their tendency to try to keep their employees once they acquire them, in consideration of the difficulty in recruiting new employees. In our interview, some told us that room for adjustment in work hours will become limited as the shorter work hour plan progresses.

Of the companies interviewed, 33.3 percent said that they will be able to decrease their inventory substantially. About 10 percent said that they are uncertain of their ability to reduce their inventory. (They are included in the "other" category.) However, 47.1 percent of the companies said it would be difficult for them to further reduce inventory. This shows that there is a limit to reducing inventories. In order to reduce inventory, some companies felt they needed rationalization of product design (reducing the number of parts and producing common parts), and a shorter production process, etc.

At present, the desirable inventory level is 47.4 days worth of production. In three years it should be 42.8 days, down by 10 percent.

3. Autonomy of Corporate Finance

Concerning the allowance for plant and equipment investment, during the past three years, almost 50 percent of the companies felt that they had a sufficient allowance. However, for the next three years, 50 percent of the companies think that they will have difficulty (Table 3). Corporate liquidity is also expected to decline slightly from now on.

Table 3. Plant and Equipment Investment Allowance

(Unit: percent)

	Past Three Years							Next Three Years						
	Companies Responding	Very Large Allowance	A Little Allowance	Normal	A Little Tight	Very Tight	Allowance Index	Companies Responding	Very Large Allowance	A Little Allowance	Normal	A Little Tight	Very Tight	Allowance Index
All industries	1,294	17.1	32.2	34.9	12.8	3.1	47.4	1,291	3.3	8.1	38.4	38.7	11.5	-47.0
Manufacturing	825	17.5	32.8	33.3	13.8	2.5	49.0	823	2.8	8.1	37.3	39.4	12.4	-50.5
Material	215	16.7	36.7	34.0	8.8	3.7	53.9	214	2.3	5.6	44.4	32.2	15.4	-52.8
Processing	336	17.0	32.7	31.3	16.4	2.7	44.9	335	2.1	9.0	32.5	43.9	12.5	-55.7
Other	274	18.6	29.9	35.4	14.6	1.5	49.5	274	4.0	9.1	37.6	39.4	9.9	42.1
Nonmanufacturing	469	16.4	31.1	37.5	10.9	4.1	44.8	468	4.3	7.9	40.4	37.4	10.0	-40.9

The number-one factor that determines the allowance for plant and equipment investment is the business trend (increase in sales and profit). The financial trend (tight money or easy money) and the stock and bond market trend follow. Few companies mentioned financial deregulation and internationalization as factors. Corporate finances will continue to be influenced by the business cycle and financial situations.

In regard to categorized plant and equipment investments, the influence of financial situations is strongest on investment that increases capacity. However, rationalization, labor reduction, and research and development investments will also be affected as the financial situation becomes severe.

Concerning raising capital for plant and equipment investments, in the past three years loans from domestic financial institutions and funds from the domestic capital market and foreign markets contributed equally. However, in the next three years loans from domestic financial institutions will increase sharply in ratio, and funds from the domestic capital market and from foreign markets will decrease. Also, breakup of liquidity will greatly increase in ratio in the next three years compared to the past three years. As for internal reserves, the ratios are expected to be the same in the future as they were in the past (Table 4).

Table 4. Fund-Raising Methods for Plant and Equipment Investment

(Unit: percent)

	Past Three Years	Next Three Years

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Companies Responding	Increase in Internal Reserves	Breakdown of Liquidity	Loans From Domestic Financial Institutions	Funding From Domestic Capital Market	Funding From Foreign Markets	Other	Companies Responding	Increase in Internal Reserves	Breakdown of Liquidity	Loans From Domestic Financial Institutions	Funding From Domestic Capital Market	Funding From Foreign Markets	Other	
All industries	1,291	33.6	22.1	39.3	39.7	35.3	1.2	1,284	34.3	32.7	55.8	29.4	16.3	1.2
Manufacturing	824	32.4	23.1	37.7	40.7	35.8	1.5	818	33.0	33.0	56.7	28.5	16.1	1.3
Material	215	28.4	20.9	40.0	44.2	40.5	2.8	212	31.1	33.5	66.5	23.6	17.5	0.9
Processing	335	33.1	24.5	35.5	40.0	35.8	1.2	334	33.2	31.4	52.4	32.6	16.8	0.9
Other	274	34.7	23.0	38.7	32.1	0.7	272	34.2	34.6	54.4	27.2	14.3	2.2	
Nonmanufacturing	467	35.8	20.3	42.2	38.1	34.5	0.9	466	36.7	32.2	54.1	30.9	16.5	0.9

A shift from the domestic capital markets and foreign market to loans from financial institutions is expected to generate capital. This indicates that the domestic capital market and foreign markets are marginal fund markets that companies can choose to use or not to use depending on the situation. This also indicates that the main sources of funds are internal reserves and loans from financial institutions.

4. Philosophy and Attitude Concerning Corporate Activities

As for the corporate activity philosophy, they are interested in recent matters of concern, such as working to obtain fair and reasonable profit in business activities (61.6 percent), providing consumers with high-quality, economical products (56.9 percent), caring for employees' comfort in life (51.0 percent), and considering employees' potential in order to place the right man in the right job (46.3 percent).

The corporate activities' goal, which is the maintenance and improvement of the market share in traditional fields is losing its importance. On the other hand, maintenance and improvement of investment earning rates is increasing in importance. Also, in the future, reevaluation and reinforcement of the internationalization strategy will greatly increase in importance (Table 5).

This indicates that corporations are beginning to consider their own criteria instead of the traditional side-by-side competition. Also, they feel a reevaluation of internationalization strategy is necessary, because they are becoming aware of their rising position in the world.

Table 5. Concrete Goals for Corporate Management (Management Strategy)

(Unit: percent)

	Past						Future					
Companies Responding	Maintenance and Improvement of Investment Profit Rate	Maintenance and Improvement of Market Share in Traditional Field	Reevaluation and Reinforcement of Internationalization Strategy	Diversified Products	Other	Companies Responding	Maintenance and Improvement of Investment Profit Rate	Maintenance and Improvement of Market Share in Traditional Field	Reevaluation and Reinforcement of Internationalization Strategy	Diversified Products	Other	
All industries	1,295	55.1	73.4	18.8	33.9	2.1	1,290	68.1	51.8	29.1	35.0	3.0
Manufacturing	826	51.2	72.2	21.5	40.0	1.3	824	65.5	46.2	34.3	40.0	2.4

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Table 5. Concrete Goals for Corporate Management (Management Strategy) (Continued)

(Unit: percent)

Companies Responding	Past						Future					
	Maintenance and Improvement of Investment Profit Rate	Maintenance and Improvement of Market Share in Traditional Field	Reevaluation and Reinforcement of Internationalization Strategy	Diversified Products	Other	Companies Responding	Maintenance and Improvement of Investment Profit Rate	Maintenance and Improvement of Market Share in Traditional Field	Reevaluation and Reinforcement of Internationalization Strategy	Diversified Products	Other	
Materials	217	55.8	69.1	17.5	45.2	1.8	215	68.6	45.6	30.2	41.9	2.3
Processing	335	50.1	69.6	29.6	35.5	1.2	334	68.9	37.4	43.7	38.9	1.8
Other	274	48.9	77.7	15.0	41.2	1.1	275	58.9	57.5	26.2	40.0	3.3
Nonmanufacturing	469	61.8	75.7	13.9	23.2	3.4	466	72.5	61.6	20.0	26.0	4.1

As for the deciding factors for corporate activities, maintenance of order in each industry (57.6 percent), and profit of keiretsu as a whole (49.1 percent) will remain the main factors in the next three years. Also, 30 percent of the companies pointed out individual autonomous activities. The ratio for the interchange between different industries (19.6 percent) is increasing, and the public regulations ratio (13.3 percent) is decreasing slightly.

Regarding the factors behind the change in the relationships between corporations, promotion of industry growth and maintenance of market order will decrease slightly in ratio, and the ratio of consideration for accommodation of technical innovation and international requests will increase.

During the next three years, many companies will change their employment system, such as promoting job mobility internally (56.9 percent), enriching employee benefits (50.8 percent), amending seniority-based personnel management (42.6 percent), and installing the female employee benefit application system (leave of absence for child care and reemployment).

These are the results of changes in employee attitudes concerning corporations, labor shortages, and stagnant corporate growth.

Creating an environment for employees where they can easily participate in local activities (68.2 percent), corporations themselves becoming the nucleus of the activities in the local community (51.0 percent) and funding local activities but leaving the operation to the local community (24.8 percent) are being considered.

In our survey, we found that most corporations have not established concrete measures yet. But some companies are planning to play a central role in adding what the local community lacks and preparing an environment where people can live a comfortable civic life.

5. Summary

1. Concerning management environment, the corporations that participated in this survey expect that for the fiscal year of 1992, the growth rate for the nation and industries will slow temporarily, but will return to a stable growth pattern over the midterm (three to five years).

The growth rate of plant and equipment investment is expected to slow substantially. However, this is basically due to the fact that demand and profit have dropped to a normal level from the abnormally high standard of the past.

Despite the decrease in the growth rate, the enthusiasm for employment remains strong, and securing personnel is perceived to be difficult. Under these circumstances, progress is expected to be made in improving work conditions and changed in the employment relationship.

2. Regarding the present condition of inventory control, in spite of the improvement in inventory-control techniques, such as the improvement of production flexibility and installation of the POS system, the inventory of most companies has increased in the past three years. This is due to stagnant demand as a business cycle factor, and the diversity of products and parts which is a structural factor.

As for future inventory trend, many companies are saying that it is not physically possible to further reduce inventory. In order to reduce inventory, some say that they need to work on rationalization of product design and shorten the production process. About a third of the companies are still planning to reduce inventory, and inventory rates should decrease as a whole.

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3. The allowance of corporate finance is greatly influenced by structural changes such as deregulation and internationalization of financial markets. The influences of demand and profit, and financial trends apply not only to investments that increase capacity, but also to investments normally called independent investments such as rationalization and labor reduction investments and research and development investments.

The interest rate trend is important as a deciding factor for future plant and equipment investments, but the stock market trend is not considered a significant deciding factor.

4. As for the attitude toward corporate activities, although there will be slightly more interchange between different industries, industries and keiretsu will still be stressed, and, in general, the traditional system will be maintained. However, there is a movement to explore a new set of activity standards, such as the movement to shift from stressing share to stressing profit rate, and the movement to consider international requests.

Many companies are changing (amending or modifying) their employment system to meet changes in the employees' value system, labor shortages, and stagnant corporate growth.

Regarding their contribution to local communities, while they are exhibiting a positive attitude, they are still groping for concrete measures.

(Note) *"The Survey on Corporate Activities" has been conducted by the EPA every year since 1961. A theme is chosen every year based on current economic conditions. This survey is conducted with the corporations listed on the First Section and Second Section of the Tokyo, Osaka, and Nagoya stock exchanges, excluding financial and insurance businesses.*

This survey information is as of January 1992. The survey was conducted with 1,861 corporations. (The number of corporations responding was 1,314. The response rate was 70.6 percent)

Councils Unveil Basic Environment Law Proposals

OW2008123892 Tokyo KYODO in English 0909 GMT 20 Aug 92

[Text] Tokyo, Aug. 20 KYODO—The Environment Agency foreshadowed Thursday the possible introduction of environmental taxes and ecological impact assesaments of products in a bill due for Diet deliberations in October.

The proposals are contained in a report from the Central Council for Environmental Pollution Control and the Nature Conservation Council, both bodies within the agency. The councils have been deliberating the contents of a draft basic environment law.

Their report stresses the importance of economic measures such as taxes and notes increasing moves for enshrining environmental assessments in legislation. It also introduces the concept of product assessments.

A full report from the councils is scheduled for the end of September.

The agency will then base its drafting of the bill on the report in consultation with other agencies and ministries in time to send the recommendations as a package to an extraordinary session of the Diet in October.

In a section on economic measures, the report specifies environmental resources should be accorded an appropriate value and even when treated economically, should be used and allocated in an efficient and environmentally friendly way.

In line with a recommendation of the council of the Organization for Economic Cooperation and Development in January 1991, the report favors introduction of charges or taxes on environmentally damaging products or activities, as well as environmental assistance and deposits on returnable containers.

The report says the environment should be taken into account when framing policies affecting the nation and the private sector, and in the drafting of projects by businesses, or at the product design stage.

While avoiding reference to legislative technicalities, it introduces the concept of prior evaluation of the energy used and the impact on the environment in every stage from production to disposal of a product.

On the international front, the report backs recommendations of the Ministry of International Trade and Industry and the Federation of Economic Organizations when suggesting corporations operating overseas voluntarily exercise their own form of environmental concern.

It says the bill should aim to create a society with an economic system which ensures the preservation of the environment in a sustainable way for future generations without sacrificing living standards.

If Japan is to achieve its environmental policy aims, the nation will need to provide incentives to gain the cooperation of individuals, the report says.

It notes Japan's economic activities have a "major impact" on the environments of other countries.

Japan's overseas development assistance should take full account of environmental issues and the nations should boost its capacity to give more financial, technical, and personnel assistance for ecological protection in developing countries.

The bill is designed to cover areas not already included in the basic law on pollution control and the basic law for natural environment conservation.

It would, therefore, contain reference to the sort of pollution which derives from mass consumption and

disposal of waste in big cities, or can lead to global warming or damage to the ozone layer.

Prime Minister Kiichi Miyazawa served notice of the legislation at the eminent persons conference on the environment and development in Tokyo in April.

North Korea

U.S. Republican Party Platform Denounced

SK2008053892 Pyongyang Korean Central Broadcasting Network in Korean 1148 GMT 17 Aug 92

[Commentary by station commentator Yun Pyong-son: "Manifestation of Invariable Ambition for Domination"]

[Text] Although the United States is talking loudly about the end of the cold war, the coming era of peace, and so forth, it has not discarded the outlook and tactics of an outdated era in its policy on Korea. The proof is that U.S. political circles are continually crying about a threat from North Korea.

The U.S. Republican Party's platform to be adopted during its national convention next week will promise to contain the threat from North Korea and will ridicule our nation as a unlawful state.

Some time ago the U.S. Democratic Party also adopted a platform stipulating that as long as our Republic threatens South Korea, U.S. troops should be maintained in South Korea.

The Republican Party and Democratic Party—a carriage and pair in U.S. political circles—included such absurd, ridiculous sophisms in their platforms. This is an anachronistic way of thinking which illustrates the vicious attempt of the U.S. ruling class to continue maneuvers of aggression and war by occupying South Korea as its colony and military base on the pretext of someone else's nonexistent threat.

The U.S. Republican Party's definition of our nation as an unlawful state demonstrates clearly its policy of antagonism against our Republic and is an intolerable mockery.

The whole world knows that our Republic is an independent state established according to the will of the people and founded by their own agreement.

Those whose thinking is unbiased will see the reality and will spit on [chimul paetta] the sophism of the U.S. Republican Party.

The U.S. remarks on restraining so-called aggression from the North are also shameless. Thanks to our positive initiative and active efforts, the North-South agreement, which assumes reconciliation and nonaggression as its basic content, and a joint denuclearization declaration were adopted and effectuated between the North and the South for the first time in more than 40 years of division, and conferences and contacts by different subcommittees to implement the agreement are under way.

With the adoption of the North-South agreement, it is still clear to everyone that we have no intention of invading the South. This notwithstanding, the United States is using the outdated theory on aggression from the North as propaganda. This is nothing but a sophism to justify the permanent occupation of South Korea by U.S. troops and their aggressive maneuvers.

Time has changed, but the U.S. policy on Korea has not. While pursuing the policy of strength, the United States is attempting to invade our Republic using South Korea as a stepping stone and to dominate and control the Asian-Pacific region. Proof of this is the United States' and South Korea's daily staging of war exercises designed for northward invasion after preparing a 120-day war scenario.

Contrary to remarks by the U.S. ruling class, only a threat of northward invasion exists on the Korean peninsula. While dealing with the Korean question from a position of strength, the United States is trying to make South Korea its permanent colony and military base using our nonexistent aggression as a pretext. This absolutely cannot be tolerated.

The U.S. military occupation of South Korea is a remnant of the cold war. The attempt to maintain such a remnant contradicts the trends of the time and goes against the aspiration and desire of the people at home and abroad who want peace and Korean reunification.

A broad range of people all over the world pointed out that the U.S. policy on Korea is outdated and is not in the interests of the American people. Thus, they demand the withdrawal of U.S. troops from South Korea.

If its remarks on the end of the cold war and the era of peace are sincere, the United States should first end its forcible occupation of South Korea, a remnant of the cold war. If the United States tries to perpetuate its occupation of South Korea on some pretext or other, it will face greater international protests and denunciation.

ROK-U.S. 'Focus Lens' Air Exercise Reported

SK2008051892 Pyongyang KCNA in English 0431 GMT 20 Aug 92

[Text] Pyongyang August 20 (KCNA)—The U.S. imperialist aggressors and the South Korean puppets on August 18 staged an aerial war exercise simulating in invasion of the North, steadily expanding the aggressive "Focus Lens 92" joint military exercises, according to military sources.

Mobilized in the joint air strike exercise in the skies above Yoju, Changnyong and Umsong of South Korea staged according to the operational plan of the U.S. Pacific Air and Naval Commands were 350 fighters based in Okinawa, Japan, and the Pacific and fighter-bombers and assault planes of the U.S. Air Force in South Korea and the South Korean puppet air force.

On the same day, the U.S. imperialists and the South Korean puppets staged an air battle exercise in the skies above Oeyon islet and Muju to win the command of the air.

Meanwhile, the South Korean puppets are getting overheated in exercises for missile strikes on the targets of our side, airborne operation and for breaking through forward area, as part of the aggressive "Focus Lens 92" war games.

750 warplanes were mobilized in the air exercises against the North in the air above South Korea and some 2,000 bullets and shells were fired at us in the area near the demilitarized zone of the MDL [Military Demarcation Line] on August 18.

Daily Urges Scrapping of All Nuclear Weapons

SK2008113792 Pyongyang KCNA in English
1016 GMT 20 Aug 92

["All Nuclear Weapons Must Be Scrapped, Urges NODONG SINMUN"—KCNA headline]

[Text] Pyongyang August 20 (KCNA)—If the danger of thermonuclear war is to be averted on the globe and mankind be completely freed from nuclear threat, the test, production, stockpile and use of nuclear weapons must be prohibited and, furthermore, the nuclear weapons be totally scrapped, urges NODONG SINMUN in a by-lined article today.

For the complete scrapping of all nuclear weapons, it says, nuclear test must be stopped first of all and the development of new nuclear weapons be abandoned.

The imperialists, while advertising their measures to reduce the nuclear weapons, are developing new nuclear weapons by continuing nuclear tests. This does not diminish nuclear threat, but increases it.

The existing nuclear weapons must be steadily cut back and all of them be scrapped step by step. Nuclear arms cut can actually contribute to the human cause of peace only when it leads to the complete scrapping of all nuclear weapons. It is also essential to completely stop nuclear threat to other countries.

The countries possessed of nuclear weapons must neither use the nuclear weapons against other countries nor use them as a means of gratifying their dominationist desire in international politics until they are completely scrapped.

In building a nuclear-free world, it also stands out as an urgent demand for the nuclear possessing countries to prevent the emergence of new nuclear powers while completely scrapping the nuclear weapons. It is most important in this to guard against Japan racing toward nuclear armament and decisively check it.

It is a fundamental demand in building a nuclear-free world to create nuclear-free, peace zones in all parts of the world and expand them.

The Workers' Party of Korea and the government of the Democratic People's Republic of Korea have made momentous overtures for the denuclearization of the Korean peninsula and are bending energetic efforts to carry them into practice.

The Korean people, as in the past, so in the future, too, will resolutely struggle to turn the Korean peninsula into a nuclear-free zone and get all nuclear weapons completely scrapped and actively support and encourage the world people in their struggle for the creation of nuclear-free, peace zones.

UN Meeting on 'Comfort Women' Issue Reported

SK1908215892 Pyongyang KCNA in English
1511 GMT 19 Aug 92

[Text] Pyongyang August 19 (KCNA)—Condemnation was focused on Japan at meeting of the human rights subcommittee of the United Nations held recently in Geneva, at which the question of the "comfort women" for the Japanese Army during World War II was brought up, according to a report.

Speaking at the meeting, a delegate of the International League of Women for Peace and Freedom recalled that 200,000 Korean women were forced to sex slavery by the Japanese Army during World War II. The women who refused it were subjected to physical assaults, torture and punishment, she said.

She charged that the Japanese Army murdered thousands of "comfort women" toward the end of the Second World War to conceal its crimes.

Delegates of non-governmental organisations exposed the real picture of the "comfort women" problem and the fact that the Japanese Government and military were directly involved in the crime. They demanded that Japan make compensations and record it in textbooks and appealed to the United Nations and other international organisations to pay attention to this question and form fact-finding teams and urge compensation by Japan.

The delegate of Japan who was under concentrated fire in the dock at the meeting, confessed to the involvement of the old Japanese Government in the matter of the "comfort women for the army" and made an apology. But the delegate tried to check the further spread of this question in the international arena and in the public circles by creating the impression that this problem was being smoothly solved.

Participants in the meeting accused Japan of playing a double game and condemned the past crimes of Japan as a shocking violation of human rights.

Meanwhile, outside the meeting hall, non-governmental organisations conducted activities to build up stronger public opinion over the question of "comfort women for the army" through round-table talks to hear testimonies and video show.

Japanese Government Urged To 'Liquidate' Past

SK2008051292 Pyongyang KCNA in English
0426 GMT 20 Aug 92

[Text] Pyongyang August 20 (KCNA)—The Japanese Government should clearly liquidate the disgraceful past, said Tooru Kurihara, head of the Japanese delegation for investigation into the forcible drafting of Koreans, in an interview with a KCNA reporter.

During its visit to the Democratic People's Republic of Korea the Japanese delegation consisting of academic, juridical and press figures met with the old women who had been drafted as "comfort girls for the army" and inquired into the past crimes of Japan against the Korean people, he said, and pointed out:

Through this investigation I have come to know better the cruelty and knavishness of the crimes committed by the Japanese imperialists against the Korean people in the past.

He noted that back to Japan, they would make a book of records on the atrocities committed by the Japanese imperialists against the Korean people and strive to let the Japanese people know it and expand investigation as a nationwide movement.

He said that they would make all their efforts in order that the investigation question may be examined at the Japanese Diet and a special committee for investigation into "comfort girls for the army" and the forcible drafting of Koreans be set up at the Diet to carry on investigation on a nationwide scale.

The Japanese Government should sincerely apologize and make due compensations for the crimes committed by old Japan against the Korean people, so as to clearly liquidate the shameful past, realise the normalisation of the Japan-DPRK diplomatic relations and promote friendship between the two peoples, he declared.

Japanese Press Minimizing 'Comfort Women' Issue

SK2008055092 Pyongyang KCNA in English
0442 GMT 20 Aug 92

["Does SANKEI SHIMBUN Have Anything To Say?"—KCNA headline]

[Text] Pyongyang August 20 (KCNA)—NODONG SINMUN today accuses Japanese SANKEI SHIMBUN of taking issue with the testimonies of victims to the brutal atrocities of Japanese imperialism against "comfort women for the army" in the past.

The news analyst says:

The testimonies of Korean women who were taken away as "comfort women" for the army by the Japanese imperialists are neither "false propaganda" nor "cock-and-bull story".

Materials proving the bestiality of Japanese imperialism are being dragged into the light of day one after another. To the consternation of people, some 100 pieces of data were recently discovered at the national archives and war museum of Australia, which tell that officers and soldiers of the Japanese army ate the meat of many people on the New Guinea front toward the end of World War II.

The cannibalism of the Japanese imperialist aggression army was a most heinous insult to the dignity and civilization of humanity and the biggest war crime.

SANKEI SHIMBUN had complained that the testimonies of former Korean "comfort women" were "exaggeration." Could there be anything the cannibals who ate human flesh without a frown dared not do?

The cannibals just for the fun of it, ripped open the bellies of "comfort women," picked out the fetuses and mangled them, cut off breasts and thrust bayonets into vaginas.

Does SANKEI SHIMBUN have yet anything to say? SANKEI SHIMBUN obviously is trying its hardest to conceal the inhumane atrocities of the Japanese imperialist aggression army which go beyond human imagination. But it is a foolish and mean attempt.

If SANKEI SHIMBUN continue to act a defender of the brutal acts of the cannibals, it will face denunciation by unbiased public opinion.

The Japanese Government authorities must not resort to petty tricks to conceal the past crimes of Japanese imperialism but apologize in explicit terms for, repent of and fully compensate for them.

N-S Political Subcommittee Meets 19 Aug

SK1908131592 Pyongyang Korean Central Broadcasting Network in Korean 1214 GMT 19 Aug 92

[Text] The fourth contact of members of the Political Subcommittee of the North-South high-level talks was held today in the conference room of the Neutral Nations Supervisory Commission at Panmunjom.

At the end of the contact, a member of our side held a press conference.

He said: I strongly called on the South side not to raise artificial obstacles to the discussion of the basic questions any longer if it truly intended to work out an annexed agreement before the eighth round of North-South high-level talks. First, the South side should not put the brakes on discussion of the annexed agreement any longer by making the nuclear issue a precondition; second, the South should stop immediately such war exercise commotions as the Focus Lens joint military exercise and ROK-U.S. field maneuvers that spoil the atmosphere for talks; and third, it should not commit acts any longer of deadlocking the contacts between the Red Cross working-level delegations intended for the exchange of visiting groups.

Our side emphasized that the South side should give serious consideration to these problems and act accordingly instead of negating the other's proposal without due cause. It should stick to its unilateral argument after drawing a line between its own things and the other side's things in the annexed agreement debate, make a bold decision, on the basis of the three principles for national reunification, giving up what is contradictory to the principles and boldly accepting what is in harmony with them.

This notwithstanding, the South side heaped on poor excuses, arguing that it has never made the nuclear issue a precondition from the beginning, that the Focus Lens exercise is just an annual map exercise, or that it is not responsible for the aborted exchange of visiting groups.

Our side responded by charging that the South side has continued to make the nuclear issue a precondition. While the South denied this, our side pressed it on answering whether the South Korean authorities had not publicly stated in what is known as a meeting of the delegations to prepare for the eighth round of the high-level talks held on 11 August that they have decided to stick to their basic stand that without a solution to the nuclear issue, substantial progress in South-North relations is difficult to expect.

Our side revealed that, all things considered, it is clear to the nation that the South side has tried not only to stop North-South relations with the nuclear issue as a precondition, but has also avoided accepting a date for confirming the annexed agreement.

Our side revealed that the Focus Lens military exercise, which the South side is conducting with the United States, is not a map exercise but is a real mobile war exercise to invade the North. The exercise includes the mobilization of ultramodern military equipment which was used in the Gulf war. Our side strongly urged the South side to immediately stop this grave war provocation against its dialogue partner.

Our side noted, because of the obstructive maneuvers and betrayals by the South Korean authorities and their Red Cross organization, the hard-won work of exchanging elderly parents and art troupes is on the brink of breaking up. It stressed that the South side can never avoid its responsibility.

Both sides began discussion on the text of the annexed agreement, but failed to reach an agreement on principled and fundamental matters. This was due to the South side's attitude of depending on outside forces and seeking division.

In summing up the contact, our side clearly revealed that the reason why the talks have been repeated again and again without any success is entirely attributed to the South side's two-pronged delay tactic, which does not respect the North-South agreement and intentionally tries not to implement the agreement. Our side once again urged the South side to present an adjusted proposal at the next contact in connection with our side's text of the annexed agreement, which is the most reasonable and positive.

Both sides agreed to hold the seventh meeting [as heard] of the Political Subcommittee on 28 August.

South Korea

Formal Recognition, Ties With PRC Said Imminent

Ministry Denies Signing Documents

SK1908151892 Seoul KBS-1 Radio Network in Korean 1500 GMT 19 Aug 92

[Text] Yu Myong-hwan, spokesman for the ROK Foreign Ministry, denied the Taiwanese foreign minister's remarks that the ROK and China have signed documents on the establishment of diplomatic relations.

Spokesman Yu Myong-hwan said that the ROK and China are of the same opinion that the normalization of relations between the two countries is urgently necessary for preserving peace in Northeast Asia, but the two countries have not reached the stage where they have reached a specific agreement.

Ministry Denies Offering Loans

SK2008001792 Seoul YONHAP in English 0007 GMT 20 Aug 92

[Text] Seoul, Aug. 20 (OANA-YONHAP)—South Korean Foreign Ministry officials denied Thursday press reports from Taipei that South Korea offered 2 billion U.S. dollars in loans to China in line with diplomatic normalization.

"Taipei-datelined foreign press reports on South Korea-China diplomatic normalization is different from the truth," an official said in a commentary.

"Reports that the South Korean Government will provide 2 billion dollar loan to China is completely groundless and cannot be," the official said.

Reports quoted Taiwanese lawmakers as saying that their embassy in Seoul obtained "reliable information" that several documents were signed in Beijing between South Korean and Chinese officials shifting Seoul's recognition from Taiwan to China.

The lawmakers said South Korea agreed to recognize Beijing's "one China" policy and offered at least 2 billion dollars in loans to the communist country.

'Progress' Toward Ties Confirmed

SK2008021392 Seoul YONHAP in English 0157 GMT 20 Aug 92

[Text] Seoul, Aug. 20 (OANA-YONHAP)—The South Korean Foreign Ministry carefully confirmed Thursday that there was progress toward diplomatic normalization

of Seoul-Beijing ties, but denied press reports from Taiwan that an announcement would come in the immediate future.

A ministry spokesman specifically denied three parts of the reports: That Seoul and Beijing have secretly signed documents, that diplomatic normalization will be announced very soon, and that Korea offered China 2 billion U.S. dollars in loans.

Kim Sok-u, director-general of the Asian Affairs Bureau, reminded reporters in a hastly arranged briefing of April's Seoul-Beijing foreign ministers' meeting, where the two countries agreed that diplomatic normalization was necessary for peace and stability in the Asia-Pacific region.

Foreign Ministers Yi Sang-ok and Qian Qichen had met during the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP) session.

"They are expected to meet again at the Asia-Pacific Economic Cooperation (APEC) conference next month and to discuss matters related to diplomatic normalization," Kim said.

On Korea-Taiwan relations, Kim said Seoul would consider the precedents set by other countries that established formal ties with China and follow international law.

"This is South Korea's policy. We have not formally discussed these points with China," he said.

"As is diplomatic custom, we are keeping Japan and the United States informed on the general progress of South Korea-China ties," he said.

Foreign Minister 'May Go to China Soon'

SK2008064892 Seoul YONHAP in English
0632 GMT 20 Aug 92

[Text] Seoul, Aug. 20 (OANA-YONHAP)—South Korean Foreign Minister Yi Sang-ok may go to China soon to wrap up the process of diplomatic normalization between the two nations, officials here indicated Thursday.

But reports that President No Tae-u would visit China in October and that Seoul-Beijing ties would be normalized in September "diverged from the truth," the officials said, not flatly denying them.

It had not been decided if Yi would visit Beijing before the Asia-Pacific Economic Cooperation (APEC) conference Sept. 10-11, Kim Sok-u, director-general of the Asian Affairs Bureau, said.

The reaction of the government confirms that Korea and China are very close to establishing formal ties and close sources indicate that Korea hopes to announce diplomatic normalization next month, possibly while No is attending the United Nations General Assembly.

"Working-level officials have been considering a foreign ministers' meeting at places other than the already agreed APEC conference and the United Nations General Assembly next month," a ministry source said.

"The government has been steadily watching the conditions to see if the foreign minister could visit China," he said.

Yi was in Beijing in April to attend the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP) session. At that time he met with Chinese Foreign Minister Qian Qichen and they agreed that bilateral diplomatic normalization was "necessary" for peace and security in the region.

Minister's Visit To 'Finalize' Ties

SK2008083492 Seoul YONHAP in English
0824 GMT 20 Aug 92

[Text] Seoul, Aug. 20 (OANA-YONHAP)—South Korean Foreign Minister Yi Sang-ok will visit Beijing this weekend to finalize the normalization of diplomatic ties between China and South Korea, officials said Thursday.

Seoul has not announced the trip because it has to discuss the timing of the announcement with the Chinese side first, an official said on condition of anonymity.

He did not rule out the possibility that South Korea and China will announce their diplomatic normalization during Yi's trip.

Moves Toward Normalization Viewed

SK2008092392 Seoul YONHAP in English
0900 GMT 20 Aug 92

[News analysis by Yi Tong-min: "South Korea, China Fully Ready for Diplomatic Normalization"]

[Text] Seoul, Aug. 20 (OANA-YONHAP)—Press reports from Taiwan about imminent South Korea-China diplomatic normalization led to virtual confirmation by officials Thursday that recognition is due at the latest by next month.

Foreign Minister Yi Sang-ok is expected to visit China this weekend to finalize details of diplomatic normalization and sources say the papers may be signed there and then, or if delayed, at the Asia-Pacific Economic Cooperation (APEC) conference in Bangkok Sept. 10-11.

Yi and Chinese Foreign Minister Qian Qichen will both attend the conference.

A ministry source in charge of China affairs said the South Korean trade representative in Beijing had suggested in a series of contacts with Chinese officials since April, when Yi visited for the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP), that Yi visit again to settle all the details before the APEC meeting.

"Chinese officials signaled that such a visit is possible, and we are trying to arrange it," the source said.

The Japanese news agency KYODO has reported that Yi will go to China this weekend. Asked to comment, Kim Sok-u, director-general of the Asian Affairs Bureau, said that it "has not been decided yet" rather than denying the report. The trip was later confirmed by other high government sources.

Remaining details between South Korea and China include how Seoul will rearrange its relations with Taiwan and what to do with Taiwan's Embassy and its ambassador's residence in Seoul, officials said.

Phrases used in denials and comments all suggest negotiations on diplomatic normalization are at their final stage.

The Foreign Ministry responded to the news reports from Taipei by partly denying them, but with the note that Seoul-Beijing relations, as Kim put it, are advancing at "high-speed."

The denials were only on those parts about secretly signing documents, South Korea offering a 2 billion-U.S.-dollar loan to China and diplomatic normalization being announced "today or tomorrow" as Taiwanese lawmakers claimed.

But no one denies that conditions are ripe for full diplomatic ties. Major barriers to such ties, mainly China's tight alliance with North Korea, no longer exist.

Ranking Chinese officials have publicly said from early this year that North Korea-Japan diplomatic normalization does not necessarily have to precede China-South Korea normalization.

The remarks signaled an important change that China will no longer wait for North Korea.

Yi and Qian agreed at a meeting during the ESCAP session in April that South Korea-China diplomatic normalization was "necessary" for peace and security in the Asia-Pacific region.

"China seems to have decided that the idea of cross-recognition cannot be maintained any longer because North Korea refuses to budge from its hard-line stance," the official in charge of China affairs said.

Observers note that this is a chance for China to actually help North Korea. Seoul-Beijing diplomatic normalization would remove the burden on Japan in establishing full ties with North Korea. Furthermore, China may see it as a chance to take the initiative in forming a new political situation on the Korean peninsula and in the Asia-Pacific region by boldly breaking the stalemate in Seoul-Beijing, Tokyo-Pyongyang relations.

Another barrier, South Korea's ties with Taiwan, is reportedly near solution within the Seoul government. Officials here are extremely cautious on this issue, but admit that downgrading relations with Taiwan is inevitable.

"We are looking into precedents set by other countries like Japan and the United States who switched diplomatic recognition from Taiwan to China. We are also looking into international laws," director-general Kim said.

With these barriers removed, there is no reason for either side to further delay establishing full ties, observers say.

Trade Minister Calls for Better Export Strategy

SK2008054392 Seoul THE KOREA HERALD in English 20 Aug 92 p 8

[Text] Minister of Trade and Industry Han Pong-su yesterday reiterated his call for domestic firms to re-examine their overall export strategy to successfully beat export obstacles.

At a meeting with 17 representatives of export organizations, Minister Han said that the new trade strategy should be shaped "with focus on upgrading product quality, developing more high technology and expanding direct investments abroad."

The trade-industry minister cited as examples of new challenges for Korean exporters in global trade the market integration of the European Community, the North American Free Trade Agreement and the now-stalled Uruguay Round of trade liberalization talks.

"To cope with these increasingly difficult trade situations, the only answer can be found in strengthening our businesses' long-term competitiveness," Han was quoted as saying.

He called on the industrial representatives to hold export promotion meetings jointly with related government officials to:

—Thoroughly examine export trends by item and region.

—Promote the dispatch of export missions to major markets and undertake positive market development activities such as participation in commodity fairs abroad.

—Have frequent sessions with member companies to discuss difficulties and grievances regarding overseas sales.

Meanwhile, according to ministry figures, Korea's trade deficit in the first seven months of this year narrowed to $5.87 billion, down by $2 billion from $7.87 billion a year earlier.

If current trends are any indication, the nation's trade shortfall for all of 1992 is expected to go down to about $4.7 billion, a decrease of $2.6 billion from the end of 1991, officials reported in the meeting.

They attributed the improvement to the slowly-recovering exports, particularly those to China, Southeast Asia and Latin America, as well as increased export profitability. Import growth notably slowed, owing to the government's stability-first policy which focuses on curbing domestic demand, and cuts in capital spendings.

The trade-industry minister said, however, "It is too early to be optimistic (about this year's trade balance)

because much of the gain was due to a fall in imports rather than a rise in exports."

The business representatives recommended that, to continuously boost overseas shipments for the remainder of 1992, the government dispatch sales missions and market survey teams not only to such major markets as the United States, Japan and the EC but also to the new markets of China, Southeast Asia and Africa.

Saying that private businesses would actively participate in major commodity fairs and exhibitions in major markets, they also called for financial aid from the government's Overseas Market Development Fund and manpower support from foreign embassies and branches of the Korea Trade Promotion Corp.

Among other requests were the expansion of dyeing facilities from textilers and regular U.S.-bound bulk ocean-liner service from Inchon Port for local steel pipe markers.

Science, Technological Investment To Increase

SK1908083392 Seoul YONHAP in English 0548 GMT 19 Aug 92

[Text] Seoul, Aug. 19 (YONHAP)—The government and the ruling Democratic Liberal Party (DLP) have decided to increase the nation's investment in science and technological fields to 5 percent of the gross national product.

In a meeting Wednesday of high-ranking government officials and senior DLP policymakers, it was also agreed that a special law would be enacted for a 10-year duration until 2001 to give the legal backing to investment in the sector.

The participants included Science and Technology Minister Kim Chin-hyon and Kum Chin-ho, chairman of the DLP science and technology special committee.

As of the end of 1990, investment in the science-technology field accounted for 2.2 percent of the GNP or 3.76 trillion won.

The special law would provide concrete measures to raise funds, to support research and development activities, and to streamline science-technology administration.

Another government-DLP consultation will be held this week to draft the law, a DLP source said.

Military Subcommittee Agrees on Pact Wording

SK2008101792 Seoul YONHAP in English 1003 GMT 20 Aug 92

[Text] Seoul, Aug. 20 (YONHAP)—The Military Subcommittee of the South-North prime ministers meeting had its third members contact at Panmunjom Thursday and agreed on the wording of four articles of a proposed auxiliary agreement in the area of non-aggression.

The agreed-on articles included those on the laying of a direct telephone line between the offices of the South's defense minister and the North's people's armed forces minister: use of the existing boundary lines in defining non-aggression areas: and opening the agreed-on military hotline within 50 days of the effectuation of the auxiliary agreement.

In another agreement, the two sides decided to hold the seventh meeting of the Military Subcommittee at Peace House in the southern sector of Panmunjom on Aug. 26 to discuss those articles that remain unsettled.

Cambodia

KR Said Ready To Comply With Peace Plan

BK2008014992 Bangkok THE NATION in English 20 Aug 92 pp A1, A2

[Text] The Khmer Rouge [KR] has decided to abide by the United Nations-sponsored peace agreement with "some conditions" to break the deadlock over disarmament of the Cambodian factions, high level sources said last night.

The sources, who asked not to be identified, said the Khmer Rouge would soften its demands for the dismantling of the Phnom Penh government and would agree to disarm, but would maintain its call for the resignation of ministers in some key portfolios.

The Marxist faction would agree to allow United Nations peacekeeping troops access to areas under their control in a phased manner. The sources did not elaborate.

Details of the Khmer Rouge plan to rejoin the peace process would be announced after a scheduled meeting on Saturday between the Khmer Rouge, Thailand and Japan, the sources said.

Tadashi Ikeda, director of the Japanese Foreign Ministry's Asian Affairs Bureau, is due to arrive here today after a week's delay for a meeting with the Khmer Rouge. A meeting of Japanese officials, including Tokyo's ambassador to Cambodia, Yukio Imagawa, was scheduled tonight, the sources said.

Japan is expected to present an amended version of its proposal to establish an administrative consultative body to coordinate policy decisionmaking with Cambodia's Supreme National Council (SNC).

The amended proposal would suggest an administrative body of only five members, representing each of the four Cambodian factions and the United Nations Transitional Authority in Cambodia (UNTAC), instead of having 12 members like the SNC, the sources said.

Japan's plan is a response to the Khmer Rouge's demand for a more powerful SNC but falls short of its demand for the dismantling of the Phnom Penh government.

A three-page document will be discussed when Ikeda meets Khmer Rouge leader Khieu Samphan at the Foreign Ministry in the presence of a senior Thai Foreign Ministry official. It was not known if Saro Chanawirat, deputy permanent secretary for foreign affairs, would be present as he is due to attend a weekend meeting of the Thai-Lao joint commision in Koh Samui.

Saro has been coordinating efforts between Thailand and China, as well as Thailand and Japan, to break the deadlock in Cambodia. He recently discussed the Japanese proposal with Chinese Vice Foreign Minister Xu Dunxin and Khieu.

Sources said Khieu was fresh from meeting top Khmer Rouge leaders on Aug 9-10. This followed a week of meetings, which ended yesterday, among all Khmer Rouge military commanders to study new directives and decisions related to Cambodia, according to the sources.

UN Probe Finds KR Guilty of Settler Massacre

BK2008073892 Hong Kong AFP in English 0732 GMT 20 Aug 92

[By Sheri Prasso]

[Excerpt] Phnom Penh, Aug 20 (AFP)—The radical Khmer Rouge is responsible for singling out and massacring two ethnic Vietnamese families who settled in Cambodia, a U.N. report released Thursday found. A motley gang of 30 armed men entered the Cambodian village of Tuk Meas near the Vietnamese border on July 21 and brutally massacred the settlers, including a week-old baby whose head they bashed against the ground.

While initial reports from U.N. officials indicated that uncontrollable elements of the Phnom Penh government forces carried out the massacre, the investigation by U.N. peacekeepers in Cambodia found otherwise.

"It may have been uncontrollable elements and we have not ruled that out, but their affiliation is believed to be with NADK, not CPAF," said U.N. acting spokesman Eric Berman. NADK stands for the National Army of Democratic Kampuchea, the official name for the Khmer Rouge. CPAF is the Cambodian People's Armed Forces, the Phnom Penh government's army.

The change of tack is the result of "hindsight and the benefit of three weeks of investigation," Berman said. "The information is not conclusive, however, and the investigation is continuing."

On that gruesome July night, the armed men entered the village, split into three group, shouted "Death to the Vietnamese enemy!" and singled out two families. Eight people, including the baby and four children, were brutally murdered. A 30-year-old man was eviscerated, but a three-year-old boy managed to survive by crawling in a drainage pipe after the sister who was carrying him was gunned down.

Three other ethnic Vietnamese families living in the village were spared, Berman said. All five families had been in Cambodia for two generations, he said.

Phnom Penh forces were initially blamed because a garrison of Phnom Penh government soldiers is situated less than one kilometer (half mile) from the village, and none of them tried to quell the attack. [passage omitted]

KR Blames UNTAC for Stalling Peace Process

BK2008011892 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 19 Aug 92

[Station commentary: "Who Is Stalling the Cambodian Peace Process?"]

[Text] The 23 October 1991 Paris accord specifies that UNTAC [UN Transitional Authority in Cambodia] has to cooperate with the Supreme National Council [SNC] in implementing the accord effectively, correctly, and impartially. However, the accord's execution is now deadlocked. The general public wonders who is stalling the implementation of the accord.

The Cambodian nation and people, who have been victimized by the Vietnamese aggression for 14 years, crave peace and independence and want to have the accord implemented effectively and correctly. And as UNTAC is now heard to be deployed in Cambodia, the people are very happy with the presence. They call on UNTAC to cooperate with SNC to comprehensively implement the accord, specifically the following two key aspects:

1. To verify the withdrawal of all categories of Vietnamese aggressor forces from Cambodia; and

2. To entrust the SNC with its full role as the sole legitimate body and source of authority in Cambodia throughout the transitional period.

Nonetheless, it has been nearly six months since its deployment in Cambodia, but UNTAC has not in the least executed the two aforesaid key provisions:

1. It has not verified the presence of the Vietnamese aggressor forces but has instead attempted to bury the issue of the Vietnamese aggression. UNTAC has also persistently asked for control over the resistance forces, notably Democratic Kampuchea.

2. The UNTAC head has not handed over a role to the SNC so as to enable the latter to cooperate with UNTAC in applying the accord. UNTAC has instead altered the accord. It has not executed the accord in accordance with its spirit and essence but in an irresponsible manner. This is aimed at keeping the Vietnamese aggressors' puppet regime in power, thereby allowing the Vietnamese aggressor forces to further invade and occupy Cambodia.

With this concrete reality, the Cambodian nation and people as well as the international community can definitely see that it is UNTAC that has stalled the process of implementing the Paris accord. UNTAC cannot deny this. What UNTAC has done can never help settle the Cambodian problem no matter what. The Cambodian people can never agree. They demand that UNTAC verify the withdrawal of all categories of Vietnamese aggressor forces from Cambodia and hand over the role to the SNC so that the latter can carry out its task as the unique legitimate body and source of authority in Cambodia during the transition.

Sihanouk Receives Indian Permanent Envoy

BK2008062892 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 20 Aug 92

[Text] On the morning of 19 August, His Excellency [H.E.] Chandra Mohan Bhandari, permanent representative of the Republic of India in Cambodia, was received in audience by His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council. He briefed the prince on progress in bilateral cooperation in the cultural field.

On that occasion, HRH Prince Norodom Sihanouk thanked the Indian Government for its active involvement in the restoration and reconstruction of Cambodia. Particularly, in the cultural sector, Indian architects and experts were sent to Cambodia to assist in restoring the temple of Angkor Wat.

H.E. Bhandari expressed his agreement on the need to restore and rebuild Cambodia, pointing out that the Indian side would further strive to cooperate with Cambodia since the two nations have identical traits.

Sar Kheng Receives Party Delegation From Kampot

BK1808102792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 18 Aug 92

[Text] Mr. Sar Kheng, Standing Committee member of the Cambodian People's Party [CPP] Central Committee, vice chairman of the Council of Ministers, and minister of the interior, recently met with members of Kampot Province's party committee. Tit Ream, member of the CPP Central Committee and chairman of both the party committee and people's committee of Kampot Province, described the all-round activities and work results achieved by Kampot Province during the first half of the year and noted the Khmer Rouge's violations of the Paris agreement, which have repeatedly endangered the lives of the people and the Cambodian People's Armed Forces.

Speaking on that occasion, Mr. Sar Kheng focused on the Cambodian situation since the signing of the Paris agreement. He said the State of Cambodia faction made many concessions to help make Cambodia's political settlement a success. Mr. Sar Kheng also stressed the importance of the second phase, which calls for the regroupment of troops and arms in cantonments and with which the State of Cambodia faction has faithfully complied. On the contrary, he said, the Khmer Rouge have consistently refused to respect it.

1,600 Troops Released for Rice Planting

BK1908111592 Hong Kong AFP in English 0852 GMT 19 Aug 92

[Text] Phnom Penh, Aug 19 (AFP)—The United Nations placed another 2,300 Phnom Penh government troops

under its supervision Wednesday, then let 1,600 of them go home to plant rice under an agricultural leave plan.

Leave will eventually be given to about 38,000 Phnom Penh government troops.

So far, 9,800 Phnom Penh soldiers and 9,300 from the non-communist factions opposing them in the civil war have placed themselves under U.N. supervision and turned in their weapons—out of a total estimated force of 200,000 country-wide.

The process was supposed to have been completed by now, with all armed men under U.N. supervision, but the Khmer Rouge faction has refused to go along until its demands are met.

U.N. peacekeepers are charged with disarming all four warring Cambodian factions, demobilizing 70 percent of them, and then conducting elections for a new government by May 1993.

"By handing over your weapons, you demonstrate a confidence in a future Cambodia that is reliant on a plow, not a pistol," said Lieutenant Colonel Russel Stuart, who spoke for U.N. peacekeepers at the ceremony.

The soldiers handed over few weapons—five recoilless rifles, an anti-tank gun, rocket-propelled grenades, and a handful of machine guns and semi-automatic weapons.

Phnom Penh Deputy Defense Minister Lieutenant General Ke Kim Yan told the 1,600 taking leave that they would be recalled for final demobilization or "in case we have violations of the ceasefire and the tricks of genocidal (Khmer Rouge) coming back to Cambodia once again."

The soldiers received four months' salary—about 48 dollars—in advance, and were told they would get two months' more when they return for demobilization.

The soldiers also had to turn in their indentification cards to ensure their return.

Further on Demobilization

BK2008064092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 20 Aug 92

[Excerpt] A number of cadres and rank and file from Phnom Penh's garrison were demobilized and allowed to temporarily return to civilian life at a ceremony held at the capital Army headquarters on the morning of 19 August. The event was attended by some cadres and combatants from the Defense Ministry as well as representatives of the UN Transitional Authority in Cambodia [UNTAC] and presided over by His Excellency [H.E.] Sim Ka, member of the Standing Committee of the Cambodian People's Party [CPP] Central Committee and chairman of the municipal party committee and people's committee; H.E. General Ke Kimyan, member of the Standing Committee of the CPP Central Committee, first deputy defense minister, and chief of the Army General Political Department; and Mr. (Stewart), representative of the UNTAC forces.

According to a report read by Lieutenant Colonel Phon Saroeun, commander of the Phnom Penh garrison, a total of 1,616 from various units in the city were authorized to temporarily return to civilian life and 1,354 weapons and 124,644 rounds of ammunition were put in storage. [passage omitted]

Laos

Kaysone Addresses Savannakhet Party Congress

Part I

BK1808132792 Vientiane PASASON in Lao 27 Jul 92 p 3

[First installment of "some important parts" of speech by Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party Central Committee, delivered at the fourth congress of the party committee of Savannakhet Province on 22 July 1992]

[Text] As you comrades know, following the collapse of the Soviet Union and various socialist countries in eastern Europe, the balance of power has changed in an unfavorable direction for us. The imperialist forces, in particular the U.S. imperialists, have delightedly carried out propaganda regarding the victory they have won over the Soviet Union and other countries in Eastern Europe in their war of effecting change through peaceful means (victory achieved without using weapons). They continue to launch offensives against the remaining socialist countries.

The international and regional situation has continued to change in a complicated manner. The U.S. imperialists are endeavoring to control the world. They intend to create a world where the United States is the unrivaled leader. Not having altered their true nature, they have continued to act as chieftains in carrying out sabotage and subversive activities aimed at eliminating those countries which have followed the path of socialism.

In Thailand, the situation remains confusing. The confusion has resulted from the disagreement and infighting among various political parties and groups. Nevertheless, those who uphold the greater-Thailand doctrine have continued to implement their schemes aimed at sabotaging and annexing Laos. In Cambodia, the situation remains very confusing. This has had an adverse effect on our country.

Our country is now facing danger stemming from the war carried out by the imperialists and reactionaries of peacefully effecting change. They consider the changing situation in the world at present as a golden opportunity for them to launch offensives against our country with the intent of sabotaging our party and new system. In the past, they launched two offensive operations against us. However, they were defeated by us on both occasions.

Following the defeat, they held a meeting in a foreign country to review their lessons and lay out plots to launch further offensives against us. In the third stage, they plan to use the warfare tactics of peacefully effecting changes in coordination with the use of armed forces to launch attacks, create disturbances, and seize certain areas of our country. They will do this to create two different zones of force to put pressure on us and gain bargaining power to demand interference by foreign countries and international organizations in the same manner they are attempting to settle the Cambodian problem at present.

The enemies are striving to create propaganda saying that Laos cannot survive since it lacks a nation on which to depend. In this regard, our party firmly reiterates that our party and new regime will not only be able to survive, but will also be able to continue firmly to march forward. This is because we have sustained a very firm state of independence. The multiethnic Lao people have maintained the firm traditions of resolute and unyielding struggle, maintained unique solidarity under the party's leadership, and defeated the two major enemies, namely the French colonialists and the U.S. imperialists. Our country has friends near and far, first and foremost Vietnam, China, North Korea, and Cuba, the countries with which we have continued to maintain good relations and mutual assistance on a comradely and fraternal basis. Our country has also maintained good relations with many countries throughout the world, including large countries such as Japan, France, and Germany. Our country has maintained an influential role in the international arena because we have pursued a consistent foreign policy and have upheld a firm strategy based on the use of skillful, cautious tactics. Nevertheless, we have never been reckless, deprived of courage, or off guard. We have adhered to the strategic goal, but we have never boasted of our abilities or cleverness. We must march forward in a talented and intelligent manner.

Savannakhet Province is considered a strategically important area of our country. This is why the enemies are very interested in it. In view of this, you comrades absolutely cannot ignore this province in light of the knowledge that the situation there is tranquil at present. Let us suppose that the current situation in this province can be compared to water in a great marsh. Looking at the surface, one sees that the water is calm. However, underneath the surface, the marsh is full of rocks, logs, crocodiles, and so forth. Whenever we lack vigilance, crocodiles and the like will immediately emerge to cause us harm. In view of this, in the years to come, you comrades are still required to pay serious attention to the national defense and public security work, building and improving all types of armed forces to be strong so that we can resolutely counter the war of peacefully effecting change in order to guarantee firm tranquillity throughout the province.

To do so successfully, attention must be paid to the following tasks:

1. Effectively consolidate the contingent of you comrades, first and foremost in the ranks of the party and administration. This is because the means that the enemy elements are presently employing include having one insider subvert another, thus destroying the outside from the inside, with a view to doing away with our party and administration. To build and strengthen the interior, it is necessary to do the following:

Consolidate internal solidarity and concord, in particular in the ranks of leading committees; promote and expand the implementation of the democratic system within the ranks; sincerely criticize, inform, and help each other in a comradely and straightforward manner so as to march forward together amid an ever-firmer solidarity.

Do away with negative phenomena, such as the practices of injustice, corruption, privatism, and localism; and eliminate internal disagreements and disparities. This is because enemy elements are very interested in making use of our disagreements, weak points, and disparities.

2. Step up the propaganda work; educate and train our cadres, party members, combatants, and people of all strata and various tribes in the political and ideological field so as to enable them to promote and expand the patriotic tradition and tradition of resolutely fighting the enemies, clearly understand schemes and tricks of the enemies, take offensive in crushing those schemes and tricks—in particular, the psychological warfare that the enemies have regularly carried out under various forms and through many different methods, such as the use of religious propaganda, the holding of coffeehouse meetings, the distribution of leaflets, the issuance of bulletins, and the implementation of propaganda campaigns through radio and television programs. Therefore, it is necessary for you comrades to firmly grasp and markedly improve the mass media apparatus in order to efficiently oppose this psychological warfare.

3. Settle economic difficulties and improve the living conditions of the people.

4. Continue to build the national defense and public security position and make it ever stronger. In the past, you comrades have already done this task in a considerably effective manner. But it is still necessary for you to pay more attention to the fulfillment of this task, in particular to the point on the coordination among the three types of the armed forces—namely, the regular armed forces, regional armed forces, and militia-guerrilla forces. We must gain support and cooperation from the people, firmly grasp the people, help the people understand the situation concerning the enemies, and organize and lead them to fight the enemies to maintain tranquillity in each village, each area, and each office and organization in the province. You comrades must also pay additional attention to helping the fraternal people of various tribes settle problems, including the religious problem, in accordance with the resolution put forth by the fifth party Central Committee in its first session.

5. In opposing the enemy warfare of peacefully effecting change, you comrades must maintain the initiative and the offensive position. You must maintain firm determination and know how to take advantage of the situation. You have clearly learned from your experiences where you successfully put out of action a number of chieftains of the enemy elements because you gained the support of the people and in a timely manner took advantage of the situation, and where you failed to put out of action another major enemy chieftain because you failed to firmly grasp an opportunity to do so. It is appropriate to effectively consolidate the coordination system—for example, coordinating the implementation of the national defense and public security work and the broadening of external relations, coordinating the central level with the provincial and district levels, and coordinating the regular forces with the provincial, district, and grassroots forces. It is also necessary to search for and find the sources of the disturbances—the concealed foundations of the enemies—and then extinguish them immediately.

At the same time, it is necessary to make use of different measures, methods, and forms of struggle. Why is it necessary for us to do so? Because the enemies have attacked us from all directions and have used many forms of attack in all political, economic, social, ideological, and psychological spheres. They have also made use of tribal people and religions. Some of these methods are legal while others are illegal; some have been carried out openly while others have been carried out covertly. They have coordinated insiders with outsiders both by buying them off and misleading them through deceitful propaganda. In addition, they have built underground forces while simultaneously hunting for information and carrying out espionage activities, finally using military forces to launch attacks.

In light of this, we are required to use all-out and comprehensive measures and methods and make use of all types of forces to coordinate with each other in an effective manner to counter and defeat them.

Part II

BK1908043592 Vientiane PASASON in Lao
28 Jul 92 pp 1, 3

[Second installment of "some important parts" of speech by Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party Central Committee, delivered at the fourth congress of the party committee of Savannakhet Province on 22 July 1992]

[Text] With regard to the promotion of socieconomic development, the rigorous building of new factors, and the intensive exploitation of potentials in various fields, Comrade Kaysone Phomvihan stressed that attention should be paid to the following issues:

1. We must extensively explore the potentials of both the plains and the multiethnic mountainous regions by linking the direction of our socioecnomic development to the special characteristics and actual conditions in each district and locality. After that, all sources of capital (from the state, the private sector, partnership enterprises, and the people themselves) must be mobilized to be used in exploiting these potentials. At the same time, we must continue to consolidate and intensify the management, supervision, and control of the new mechanisms so as to make them more efficient and effective.

2. We must vigorously promote numerous emerging new factors and services and extensively popularize them. Have you, comrades, noticed the existence of some of these factors and services now?

We must continue building model families with definite goals in all localities and turn them into practical examples for farmers in those places. Through this process, movements to carry out intensive agriculture and goods production in various forms can be extensively promoted. All this is aimed at gradually increasing the productivity and income of farmers from small to large scale and from simple to a more systematic procedure. With regard to this, there are already good models in Savannakhet Province. For example, in Songkhon and Saibouli Districts, between 70 and 80 percent of the farming families already engage in intensive agriculture (by using improved rice yields, nourishing rice plants with organic and chemical fertilizer, and attentively tending them). We can see that our farmers have now become more enthusiastic in engaging in intensive agriculture. Therefore, we must render assistance to and encourage them to step up efforts in this direction. An old Lao saying says: "make hay while the sun shines."

We must resolve the problem of water shortages step by step. I have repeatedly said that water is life. This is even true in Savannakhet Province. This problem is in the process of being resolved in many localities in this province. I am very pleased to learn that ponds have been dug in many cantons in Songkhon, Sasibouli, and other districts in this province. Have you, comrades, realized the usefulness and good points of having family ponds? I think you should know that ponds are useful not only to farmers but to the government as well. Why?

Ponds are useful to farmers because: a. They can have water for consumption if drought occurs; b. They can use water for irrigating cash crops and for kitchen-gardening in the dry season; c. They can raise fish for domestic consumption or for sale; d. They can store water for their livestock in the dry season, thus helping prevent the spread of pest epidemics.

Ponds are useful to the government because at present our state still lacks funds and is unable to provide assistance to the people in digging ponds. Therefore, the people can indirectly help the state by digging ponds for their families. An extensive network of ponds can also help improve the environment. At present, demands for family ponds among the people are rising rapidly. Nonetheless, the state is still unable to provide much assistance to them in acquiring such facilities. Therefore, all

administrative committees and services concerned in this province must find ways to resolve this problem.

We must encourage people to raise livestock, such as cattle, especially farming families. This province has vast plains and grassland for livestock raising. People here have good experience in doing this work and the markets are also abundant. To carry out this work, attention must be paid to the following issues:

Grassland areas must be set aside for livestock raising. Cross breeding of cattle for better stock should be gradually carried out. However, in the beginning, we should first promote traditional livestock raising practiced by the people.

Water sources must be secured for livestock.

The veterinary network must be consolidated and expanded.

We must promote an effective organization of service facilities. The sixth resolution of the party Central Committee (Fourth Congress) extensively discussed the two-way services given to farming families. This is a very important issue. If we want to expand goods production, we must acquire the following three components: a. production forces; b. service forces; and c. specialized forces. Here in Savannakhet Province, you already possess some service facilities. For example, in Saibouli District a state-private partnership agricultural promotion company has already been set up to supply seeds, fertilizer, and insecticide to farming families and to purchase farm products from them. Songkhon District has encouraged private traders to provide fertilizer, insecticide, and production tools to farming families, to purchase rice from them, and to invest in livestock raising and in clearing land and digging ponds for farmers. In the meantime, the local administration must closely monitor such activities to see to it that producers are not unjustly exploited and that banking loans are allotted to farmers to carry out production.

Savannakhet Province is reputed to have a large number of farming specialists (more than 1,000), but it is said that most of them lack required qualifications. Commenting on the quality of these specialists, people said: "they cannot talk about their work profoundly, neither can they do it thoroughly." Therefore, you comrades must pay attention to resolving this problem; otherwise, we will not be able to catch up with or, worse still, slow down the production process undertaken by farmers.

I believe that if commercial agricultural production in Savannakhet Province continues to grow and expand with good management and correct supervision and control in accordance with the new mechanisms, and if the exploitation of potential resources—especially oil exploration ventures carried out by French and British enterprises in this province—is productive, it is certain that the face of the socioeconomic development in the province will undergo a great change, eventually providing an impetus for a change in the face of our country.

We must also pay attention to social issues, such as the quality of education and public health work. We must review problems with regard to schools, teachers, and pupils as well as instructional and study methods to see to it that after completing their education, students are able to apply their knowledge in practical ways. We must expend greater efforts to resolve these problems. You comrades must pay greater attention to implementing the policy toward those elements who have committed good deeds for the country, such as senior cadres and revolutionaries and pensioners. The problem of unemployment among our youth must also be resolved. We must drastically and immediately do away with all social vices and all acts of injustice, corruption, and abuse of bureaucratic power.

3. We must step up party building work and upgrade the leading role and composition of party committees.

An important issue in holding aloft the party's leading role is the correct building of the party in accordance with the party-building principle and direction and the consolidation of the party's leading role. In the past, you have paid close attention to this work, but it seems that is not enough. This is because the party's current political requirement is to genuinely act as the core of our political system. That is why party building and the consolidation of party organizations at all levels have become a key issue. At present, 30 percent of party members in Savannakhet are younger than 40. This means that the party organizations here still remain young and have bright prospects. Nonetheless, you comrades must also take into consideration the relationship between "quality" and "quantity." Is party development still carried out too slowly in light of the practical development in other fields in this province? In the past as well as at present, we can see that many villages and cantons have already undertaken movements in improving national defense and public security maintenance work, production, and other tasks. But why is it that one-third of the total number of villages in this province still do not have party members?

The direction of our party building and consolidation is to link party expansion to party upgrading. The fundamental issue in doing this is to upgrade and strengthen party grass roots, party units, and party members. You comrades have already gained experience in doing this by building model all-round strong party units for Nakala, Khamthao, and other cantons. Good party units and party members must possess political quality. This means that they must have faith and confidence in the ideals and goals of the revolution; know how to carry out poltical and ideological work; appreciate and firmly grasp the party's policies and lines; thoroughly understand the enemy's designs, such as the design of effecting change through nonviolent means; remain loyal to and devoted in serving the people; know how to mobilize and guide popular movements; and know how to think and act to bring actual benefits, well-being, and wealth to the people.

Party committees, party units, and party members must know how to build movements to carry out the following tasks:

To popularize among and to make people thoroughly understand the party and government policies and lines. The popularization of the policies and lines must be carried out in an intensive, clear-cut, and repetitive manner.

To organize, lead, and mobilize the people to develop unity. Key persons in each community must be recruited to lead popular movements.

To assist the people in enhancing their capabilities to resolve difficulties and problems. We must help them by mobilizing all efforts to meet all of their fundamental needs. This means that we must know how to mobilize the people to translate into reality the party's policies and lines.

Part III

BK2008070592 Vientiane PASASON in Lao 29 Jul 92 p 1, 3

[Third and last installment of "some important parts" of a speech by Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party Central Committee, delivered at the fourth congress of the party committee of Savannakhet Province on 22 July 1992]

[Text] Good party committees, party units, and party members must follow the following worthy leading patterns and methods:

Correctly and strictly implement the principle of democratic centralism in leading; lead with group responsibility; clearly divide work and carry it out with a sense of responsibility.

Lead and carry out work within the bounds of the constitution and state laws. This is very important because if party members and party committees at all levels commit violations against the constitution and laws, people will lose faith in them as well as in the party.

Firmly grasp the administrative power and mass organizations. This is a life-and-death matter. To abandon administrative power means to lose power. Therefore, you comrades in the provincial party committee must clearly divide work, assign party members to important responsibilities in the administrative and mass organizations, and regulary inspect the activities of these organizations through party members attached to them. At the same time, attention must be regularly paid to consolidating these organizations; for if they become ineffective in performing their tasks, adverse affects will be created for the party. Party members possessing good knowledge, experience, and revolutionary qualifications should be assigned to work in the apparatuses of the administrative and mass organizations. Good lessons learned by party members should be disseminated and enhanced by designating those persons as administrative chiefs or guiding personnel in villages or cantons.

Actually go down to the grass roots and keep close contact with people. Our party was born out of the movement of struggle of the multiethnic people, maintains a close link with the people, and walks along the path of the masses. Therefore, our party leadership must go down to every place, office, organization, and village to explain the party's policies and resolutions and the government's policies to the people so that they can appreciate and correctly implement them. At the same time, party members must gather the ideas, the line of thinking, and all problems expressed by people working in those organizations and report them to the higher level for solution and rectification so as to put them in line with the party's policies.

Firmly grasp the reality in each locality, carry out work on an experimental basis with a definite objective and in consecutive stages in order to draw lessons, and refrain from being subjective and mechanical in working. This is also important because whether party committees, party units, and party members can effectively lead or not depends on whether they firmly grasp the reality in their work place or not. For one to lead while not knowing the reality is no different from walking in a jungle—one will finally get lost. By grasping the reality, one will know exactly what the problems are and what problems should be resolved first. This means that one must carry out work on an experimental basis in order to draw lessons and to further enhance them.

Identify and build key persons. Frankly speaking, party members are only a minority group of citizens compared to the entire population. The same is true with Savannakhet Province. Some of the villages in this province have no party members. So, how can we lead the people in the entire province? This problem can be resolved by identifying and building key persons in each village, canton, and district. This is extremely important. If we are able to identify worthy people with suitable prestige and influence, we will be able to provide sound leadership to the people. On the contrary, if we fail to identify worthy persons and make unpopular elements key persons, problems will certainly arise. We must be careful about this. We should build key persons for each category of people, such as villagers, farmers, intellectuals and learned persons, tribal groups, and traders and businessmen. Each of them must have key elements of the same kind among themselves.

Hold aloft the leading and model role of party members. The party and the party committee can remain strong only when most party members have integrity. People cherish the party because party members are faithful and honest in serving them and bring them genuine benefits. On the contrary, people tend to level criticism against the party because party members give them bad treatment. Whether the party and party committee can act as a core for the people depends on whether party members can act as a model element or not. Therefore, party members must always give attention to what they should do.

Engage in study to raise the standard of your own knowledge. First of all, you should study the [party's] policies and lines and specialized subjects. Engage in study by engaging in actual work. Learn from and remain close to the people.

Heighten a sense of responsibility toward work. Carry out work with a sense of diligence. Never do any work half-heartedly. Work for efficiency and as a model for other people.

Maintain a sense of organization and abide by regulations and laws. Refrain from abusing bureaucratic power. Firmly adhere to a sense of unity and unification. Sincerely help and criticize one another as friends and comrades in the same party. Refrain from acting in an arbitrary and individualistic manner.

Maintain a sense of honesty and sincerity. Never indulge in stealing, corruption, or cheating and bribe taking. Refrain from being materialistic, money-conscious, extravagant, and lavish in spending. Such behavior will eventually bring serious disgrace to the party, thereby giving an opportunity to the enemy and bad elements to discredit us.

Regularly conduct inspection. Inspection is an important measure and method in leading. If we want to know whether our leadership is good or not, whether our implementation of work is correct or not, and whether our cadres and party members are well behaved or not or how well they carry out their tasks, we must conduct inspection. Inspection allows us to first of all see good and strong points [of our cadres and party members] and discover new favorable factors and elements or outstanding models for appropriate and prompt promotion and commendation. At the same time, inspection is able to assist us in identifying remaining weak points, shortcomings, and negative aspects in our working process and among the ranks of cadres and party members for prompt rectification. If they are found to have committed violations against party regulations and state laws, disciplinary action or reprimanding measures can be taken promptly against them.

Beloved comrades, all these are only a number of main points I would like the provincial party committee and this congress to study and appreciate so that you can apply them in actual work. I believe that the fourth congress of the provincial party committee of Savannakhet Province will serve as a new factor in the continued consolidation and strengthening of the party committee in all respects to become a vanguard unit which is highly united and unified, ingenious, and enthusiastic in carrying out work and in leading the multiethnic people in this province to tirelessly walk along the party's comprehensive restructuring line. At the same time, I also believe that the people of Savannakhet Province will continue enhancing a sense of profound patriotism, a tradition of unity to fight gallantly, and a sense of hard toil under the leadership of the party and the party committee in order to build Savannakhet into a land of peace, tranquillity, and stability, its economy and well-being becoming more and more prosperous, and its unique culture and traditions becoming securely safeguarded and effectively enhanced. For you comrades to achieve this goal, after the conclusion of this congress, you must carry out work in a more determined manner so as to realize and translate the resolution of this congress into an actual mass movement, thereby ensuring happiness and wealth for the people in this province in general.

Once again, on behalf of the Political Bureau and the party Cerntral Committee, I would like to extend my salutations and greetings to the fourth congress of the Savannakhet provincial party committee. I wish this congress a glorious success.

May all of you have good health and brilliantly fulfill your duties.

Thank you.

Philippines

Reaction to Yugoslavia's Human Rights Violations

HK1908131692 Manila Manila Broadcasting Company DZRH in Tagalog 1100 GMT 19 Aug 92

[By Rey Arquiza]

[Text] There is a possibility the Philippines may sever its ties with Yugoslavia if it continues violating human rights in Bosnia-Hercegovina.

Foreign Affairs Secretary Roberto Romulo said that, as of now, the Philippines has downgraded its diplomatic representation in Yugoslavia by pulling out its ambassador from the country.

He said the decision to downgrade the Philippines' diplomatic representation in Belgrade was based on the nation's commitment to human rights where it is a signatory to the UN convention on human rights.

Previous to this, he added, the Philippines agreed to a UN resolution condemning human rights violations in Bosnia-Hercegovina. He further said downgrading the embassy in Belgrade is without prejudice to closing it down in the future if discretion warrants.

According to Romulo, many Muslim states have downgraded their diplomatic representation in Yugoslavia. Malaysia has already ended its diplomatic relationship with Yugoslavia due to human rights violations, especially in Bosnia-Hercegovina.

Ramos Denies Unity Commission 'Trap' for Rebels

HK2008094392 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 20 Aug 92

[By Rowena Papasin]

[Text] The National Unification Commission [NUC] is not a trap set for rebels. President Fidel Ramos has made this clarification to peace committee members of the National Council of Churches of the Philippines [NCCP] who expressed their readiness to take part in the national peace plan.

According to Ramos, the NUC is not a government negotiating panel but an organization that shall represent the citizens' desire for lasting peace.

Ramos stressed nothing is to be feared about rumors that the NUC is just a gimmick to trap rebels. On the contrary, he said, it is a genuine motive for finally realizing peace.

The president was happy that church leaders have been supporting the government's peace initiatives, saying it is the right ingredient to clarify that the NUC is not an administrative panel nor a negotiating committee.

At present, President Ramos has yet to appoint representatives from the private sector to the NUC. Among those recommended as members of the board of advisers that would form a stronger NUC were Luis Taruc, Jesus Lava, and Horacio Morales.

The NCCP leaders, through Pastor Browning of the United States, have also sent a letter of support for the government's peace initiatives .

Some NCCP leaders who met with Ramos were Reverend Richard Abelion, Reverend Ermie Camba, Aida Jean Nacpil Manipon, Dr. Feliciano Carino, and Dr. Lavern Mercado. Also included in the meeting were Justice Secretary Franklin Drilon, who is one of the administration's representatives on the proposed NUC.

New People's Army in Bicol Rejects Amnesty Plan

HK2008032392 Manila PHILIPPINE DAILY INQUIRER in English 20 Aug 92 p 22

[By Ramon Imperial]

[Text] Naga City—The Communist New People's Army (NPA) in Bicol is rejecting the amnesty offer of Pres. Fidel V. Ramos.

This was indicated by four ranking NPA leaders in a secret meeting last week with five local newsmen in a Camarines Sur mountain. [sentence as published]

Local TV reporter Woodrow Francia said the clandestine news conference was held in a well-guarded rebel camp which they reached after a four-hour trek on foot.

Also present at the conference were Bicol rebel spokesman Charlie De Luna and Sancho Rivera, Celis Magpantay and Fidel Ortega, alleged ranking leaders of the Alfredo de Guzman Command operating in several Bicol provinces.

Francia reported that the NPA leadership in Bicol reportedly distrust the word of the President because even as he offers amnesty, three more Army battalions have reportedly been sent last month to Albay and Sorsogon provinces.

De Luna, whose true name is Fernando Bragais, reportedly claimed the new Army units are now conducting offensive operations against rebel forces in four Bicol provinces.

In rejecting the amnesty offer, De Luna reportedly said they are not criminals in need of amnesty, but true revolutionaries who will only lay down their arms when the social, political and economic reforms they are fighting for are won and enjoyed by the masses.

Ramos Orders Army To Help Implement Peace Plan

HK2008032992 Manila MANILA BULLETIN in English 20 Aug 92 p 5

[By Fred M. Lobo]

[Text] President Ramos ordered last night the Armed Forces of the Philippines (AFP) to help ensure the success of his amnesty and peace initiatives and to project to the people a "caring government."

He also called for a comprehensive campaign against scalawags in uniform, including erring top officials, saying the AFP and the Philippine National Police (PNP) can no longer withstand further damage to their credibility and effectiveness as the defender and protector of the people.

Ramos issued his order and call in a speech last night before the Philippine Army at Fort Bonifacio in Makati.

He said that he has already put in place "extra-ordinary proposals" to heal the wounds and stop the continuing conflict among Filipinos.

The President said he will push his amnesty and peace program consisting of four steps—the grant of amnesty under various laws, creation of the National Unification Council (NUC), grant of bail and pardon, and legalization of the Communist Party of the Philippines (CPP) and similar organizations.

"Serve as key components of the government in bringing about the success of these peace proposals," Ramos told the AFP officers and men.

"Continue working closely with the masses and communicate to the people a caring government," the President added.

Ramos said his administration and the AFP and the PNP should work seriously on "what is good for the nation and what is good for the people's welfare."

Ramos also called on AFP and PNP officials to continue ridding the organizations of scalawags.

"This drive should be unrelenting. I expect the chain of command to lead in the cleansing process," he said.

The President said that erring AFP and PNP men should be prosecuted and punished, if found guilty of involvement in kidnapping and other crimes.

"We cannot afford to further damage the credibility and effectiveness of the entire organization just because of the misdeeds of a handful," he said.

Ramos said as President, he will continue imposing discipline on military and police organizations, along with benefits for honest men in uniform.

Military Considers Acquiring Taiwanese Jets

HK2008035792 Manila PHILIPPINE DAILY INQUIRER in English 20 Aug 92 p 20

[By Dario Agnote]

[Text] The Philippine government is considering asking Taiwan either to donate or sell its old aircraft at concessional rates to the Philippine Air Force, the INQUIRER learned yesterday.

The Department of Foreign Affairs made the recommendation in a memorandum to Defense Secretary Renato S. de Villa following the U.S. administration's decision to allow defense sales to Taiwan for the first time since the diplomatic break in 1979.

Washington, reversing an earlier position, will allow U.S. defense manufacturers General Dynamics and McDonnell Douglas to sell F-16 and F-18 fighter aircraft to Taipei.

Taiwan wants to buy modern fighters to replace its aging fleet of F-104s and F-5s. If the U.S. had maintained the ban on defense sales, Taiwan would have bought French Mirage fighters instead. Taiwan has not been permitted to buy U.S. weapons after Washington normalized relations with China in 1979.

The Philippine Air Force is lagging behind its counterparts in Asia in terms of equipment. "Our capability is zero," former Air Force chief Lt. Gen. Loven C. Abadia once said. While neighboring Southeast Asian countries are negotiating for state of the art war material and equipment, the local Air Force settles for World War II vintage equipment.

For instance, the Malaysian government is working on its plan to purchase 41 MIG-29 "Fulcrum" jets from Russia. The purchase of MIG-29s will make Malaysia's air capability superior to its neighbors.

The Armed Forces last year launched a 10-year program to modernize its inventory of World War II and Vietnam war vintage planes and ships. The $10-billion program has progressed at a snail's pace because of lack of funds.

Armed Forces Chief of Staff Gen. Lisandro C. Abadia said the Air Force will focus on buying early warning radar and fighter interceptors like the cheaper Kfir jets from Israel.

Thailand

Editorial Considers Formation of NAFTA

BK2008031792 Bangkok BANGKOK POST in English 20 Aug 92 p 4

[Editorial: "NAFTA Will Be Scorned if It Turns Into a Cosy Club"]

[Text] The newest trade bloc is also the world's largest market and nations around the world will be scrambling in coming years to exploit the North America Free Trade Agreement (NAFTA). But others fear they could be the ones on the receiving end of the exploitation. Last week's agreement among leaders from Canada, the United States and Mexico to open up their borders to each other will have far-reaching effects, which will extend far beyond Thailand. The inclusion of Mexico in NAFTA is seen by some as a threat. Its low wages already have brought major opposition to NAFTA from the more hidebound labour unions in Canada and the US. Many other experts around the world fear NAFTA could shut them out of both the manufacturing and consumer markets of North America.

It is early days yet and naturally NAFTA, like many other regional trading blocs, seeks first of all to benefit its members. Mexico, like many so-called thirdworld nations, had sought to "protect" its economy with high tariff walls and anti-foreign trade restrictions. But many world leaders now believe that their best chances for a prosperous future lie in fewer trade restrictions. NAFTA will force all three North American countries to drop many trade barriers in coming years. But the full effect will take 15 years to be felt.

Criticism of NAFTA is easy enough to find. Apart from Canadian and US union leaders fearful that jobs will migrate to Mexico, some of the loudest complaints have come from other governments. Ironically, those making the most noise are political leaders of the European Community, a group dedicated to uniting European trade and currency in ways far beyond NAFTA's comparatively modest goals of a free trade zone. The Executive Commission of the EC warned that NAFTA should not become a closed bloc. It also warned that NAFTA must obey the General Agreement on Tariffs and Trade (GATT)—an international commerce treaty currently in great jeopardy because of European agricultural subsidies.

These warnings could well be based on the experience of just how easy it is for a trading bloc to turn into a cosy protectionist club—wonderful if you are a privileged member but devastating if you are among those left out in the cold, knocking on an unyielding door.

Several Thai Government officials have already expreased concern at NAFTA's possible effect on specific industries. The Commerce Ministry says the North American agreement "could affect" Thai exports of garments, shoes and canned tuna. This concern is well-based, although no one at present knows enough to gauge

the long-term effects. Prime Minister Anan Panyarachun, a highly successful businessman in his own right, is optimistic, noting that the agreement is only the latest of a wide range of such trading blocs, which includes ASEAN itself. Indeed, the director-general of the Business Economics Department, Sukhon Kanchanalai, has called for a step-up in getting ASEAN's overdue free-trade zone (AFTA) off the ground.

It took government officials in North America 14 months to hammer out their new trade agreement, and many details of the pact are unknown. The legislatures of the three nations still must pass NAFTA into law. While it is designed to favour North American workers and consumers alike, NAFTA could hold out potential for international traders if it rejects any attempt to make itself an exclusive trading club. For now, the air is thick with protestations that this is not NAFTA's intention and that it will not happen, but who can really know what policies will exist 10 or 15 years down the road when different governments hold power?

For NAFTA to work and receive international acceptance it must offer new opportunities within the $6 trillion consumer economy of North America, not only for its members, but for others who believe in practising free trade as well as preaching it. This is the criteria on which the success or failure of NAFTA will be judged by those outside the new trading bloc.

Chatchai Denies Cambodia Visit Political Motive

BK2008020392 Bangkok THE NATION in English 20 Aug 92 p A3

[Text] Former Prime Minister Chatchai Chunhawan arrived here yesterday as a guest of Phnom Penh leader Hun Sen and quickly denied the visit was intended to boost his election campaign at home.

Chatchai was given a "state welcome" by Phnom Penh Defence Minister Gen Tie Banh on his first visit to the country where he is widely credited with helping to restore peace.

The Chat Phatthana (National Development) Party leader is scheduled to call on Cambodia's Supreme National Council Chairman Prince Norodom Sihanouk this morning and on Prime Minister Hun Sen in the afternoon at his residence.

Chatchai will call on Phnom Penh President Chea Sim tomorrow and before returning to Bangkok is expected to meet Lt Gen John Sanderson, military chief of the UN Transitional Authority in Cambodia.

While his trip is widely seen as part of his political campaign to boost his image as an "internationally recognized" leader, Chatchai denied the visit had nothing to do with Thai politics. [sentence as published]

Chatchai's aides said one of his objectives in visiting Cambodia was to "assess the success of his Indochina policy" and to meet Thai businessmen and discuss their investment in the war-torn nation.

In its election campaign the Chat Phatthana Party, recently formed by Chatchai, has been highlighting his policy of "turning battlefields into market places" which was adopted when he assumed premiership in 1988.

The aides said Chatchai repeatedly informed Thai businessmen he did not want to see them "exploit" the Indochinese states. He was quoted as saying he wished to see Cambodia, Laos and Vietnam prosper economically along with Thailand and other Asean nations.

In an interview yesterday, Chea Sim, also deputy prime minister, said Phnom Penh had arranged the warm welcome for Chatchai as he had helped "restore peace and national reconciliation" to his country.

Chea Sim said Cambodians "are grateful" to Chatchai because he helped accelerate peace in Cambodia.

"His Indochinese policy is also reviving our trade and economy," the Cambodian official said. "He has played a great role during his premiership. We always welcome him. We are happy that he can come here so that we can exchange views. We used to go to Thailand many times in the past few years and used that country as our negotiation ground," the minister added.

Asked if other Thai politicians such as former military chief Gen Chawalit Yongchaiyut would be accorded the same treatment if they wanted to visit Cambodia Chea Sim said Phnom Penh "welcomes all visitors" but the treatment would vary according to "suitability".

Chea Sim said Chawalit was also one of the key architects of the Cambodian peace solution.

Chawalit leads the New Aspiration Party and has become Chatchai's arch-rival. While Chatchai cited his open trade policy for Indochina, Chawalit invoked his military achievements that brought peace to the borders.

Chea Sim said the coup which ousted Chatchai last year "slightly affected" his Indochina policy but the government of interim Prime Minister Anan Panyarachun had continued the policy.

"There was certainly some stalemate [in implementing the Indochina policy] because the master of the initiative has led the office. The driving force has been reduced, but anyway the momentum is still there," he said.

Phnom Penh Deputy Interior Minister Sok An and other senior government officials also greeted Chatchai and his group. Chatchai was accompanied by personal aides and several Thai investors and traders who are doing business in Cambodia.

Chatchai spent a free afternoon touring the Cambodian capital and visiting the national museum and Tuol Sleng,

a school which was transformed into a torture camp during the Khmer Rouge's reign of terror between 1975-1979.

Prospects for Thai-Indochinese Ties Analyzed

BK2008035592 Bangkok THE NATION in English 20 Aug 92 p 10

[By Kawi Chongkitthawon: "Not too late to salvage Indochina ties"]

[Text] Monday's speeches by Prime Minister Anan Panyarachun and Foreign Minister Asa Sarasin on Thailand's policy towards Indochina at a banquet organized by the Young President's Organization were good and sensible. They sought to emphasize how the destiny of Thailand and Indochina are intertwined in terms of their economic development and also helped to dispel the idea that Bangkok had ambitions to dominate Indochina economically.

Such revelations were something new in the country, which previously was accused of plundering Indochina.

Indeed, it was the first time that both the prime minister and foreign minister spoke in the same language on Indochina and it spelled crystal clear Thailand's objective in the region in years and perhaps decades to come.

Both Anan and Asa talked about the need to have a far-sighted policy in dealing with Indochina. Being businessmen themselves, they together urged the private sector to stop viewing Indochina as a means of raking in quick profits. Instead, Thai businessmen were advised to go in for long-term investments with mutual benefits to both parties. Whenever possible, Thailand must provide technological know-how and training to the Indochinese countries.

This is indeed a far cry from past with his foreign minister on foreign affairs and spoke in contradictory terms about what Thailand should do in Indochina.

Given the two speeches together, one can easily see that the Anan government tried to put elements of pragmaticism and idealism into the country's policy toward Vietnam, Laos and Cambodia.

While Anan's address was a bit sentimental with humanitarian elements, Asa was more pragmatic and frank.

Both Anan and Asa talked about Thailand as a "gateway" to Indochina, which carried different connotations. In his view, Anan treated the gateway beyond geographical proximity and economic factors to include ongoing efforts to consolidate Thailand's historical and cultural affinities with the three Indochina countries.

"I believe our credentials to be this gateway lies deeper than short-term current trade and investment statistics. It is more than economics and geography," Anan said.

Anan said there was a misconception about Thailand's intentions toward its neighbours since former Prime Minister Chatchai Chunhawan pursued his policy of turning the battlefields in Indochina into a marketplace in 1988. Thailand never had intentions of economically dominating Indochina, the premier added.

It was not presumptuous for Thailand to have claimed that it is a gateway to the region—despite its negative connotation—because of its geographic and economic position. By being so [it] can play a pivotal role in helping to bridge the divisions that exist in the region and build a united community of Southeast Asia.

While Anan urged the building of trust and confidence, Asa called for goodwill and sincerity.

However, Asa went further in pinpointing one crucial factor that has underpinned Thailand's relations with neighbouring countries, which share common borders with Thailand, namely that past conflicts must be settled once and for all in order to begin anew ties with Indochina.

Having less than a month to go before he relinquishes his post in office, Asa wishes to resolve remaining conflicts with the neighbouring countries. In the past. Thailand was embroiled in bitter disputes with Laos, Vietnam, Cambodia and Burma.

During his short stint in office, Asa has done much to restore confidence and understanding with Laos, which has long suspected Thailand of rendering support to the anti-Vientiane resistance group.

Last month, seven Hmong hilltribesmen were arrested on charges of trying to carry out espionage activities from Thai soil against the Laotian govemment. Asa said the government is planning new raids to flush out the remaining suspects.

This tougher stance is meant to illustrate Thailand's seriousness in dealing with a nagging problem in Thai-Lao ties. Indeed, alleged support for the anti-Vientiane group remains the last key between the two countries before they continue to negotiate on the disputed demarcation line on the Thai-Lao border.

Thailand is confident that remaining border problems at Ban Mai, Ban Klang, Ban Sawang and Ban Romkhlao—the scene of the 90-day border flashpoints could be resolved in the forseeable future.

Apart from Laos, Thailand's relationship with Vietnam and Cambodia is also at stake. Thailand is hoping to pursue a similar policy like that with Laos in cracking down on groups believed to be aiding the anti-Vietnam resistance group as part of confidence building measures with Hanoi. Bangkok wants to settle stakes in overlapping areas in the South China Sea with Vietnam as soon as possible. In a recent meeting between Anan and Vietnamese Prime Minister Vo Van Kiet in Phatthaya, Thailand and Vietnam agreed to go ahead with the joint developing areas while negotiating on the disputed water territories.

But Thailand's biggest problem has yet to come. It lies along the Thai-Cambodian border. Numerous demarcation marks along the 750 kilometres border had disappeared long time ago. It would take years and years to redemarcate the Thai-Cambodian border, once used as sanctuaries by resistance forces and places of asylum for refugees.

Worse, the prospect of seeing the battle-ridden Khmer Rouge guerrillas assimilate into the mainstream of Cambodian society is getting dimmer as they feel more comfortable with the life along Thai-Cambodian border than the non-Khmer Rouge controlled Cambodia. Like the anti-Vientiane insurgency, it would take enlightened Thai leaders and military top brass to make a difference in the future.

The best years for Thailand in Indochina have already come to pass. What we can do is to maximize whatever that is left behind coupled with the newly gained goodwill to strengthen ties. It was good that Anan and Asa have come to grips with realities now.

It is out of question that Thailand can go into Indochina in any big way than it had done in the past few years. There should be no fear that Thailand would be able to dominate Indochina economically. Anan and Asa recognized that Thailand's economic future is closely linked with that of Indochina because it would be mutually beneficial to both parties. On its own, Thailand is not going to prosper. It plainly needs the Indochinese nations.

More State Enterprise Management Changes Noted

BK1908121792 Bangkok TNA in English 0347 GMT 19 Aug 92

[Text] Bangkok, Aug.19 (OANA-TNA)—The administration of Prime Minister Anan Panyarachun is continuing to make sweeping changes to the management of state enterprises, with latest removal of figures other than militarymen. [as received]

In its latest unprecedented move, the cabinet on Tuesday ordered removal of four military and police generals and a senior interior ministry official from the board of the Expressway and Rapid Transit Authority of Thailand (ETA).

The decision follow similar changes at the Thai Airways International (THAI) aimed at removing military influences.

Among those ousted from the board of the ETA was former First Army Region commander, Lieutenant General Chainarong Nunphakdi. Deputy Permanent Secretary of the Interior, Benchakun Makarathat was replaced by Chawalit Thanachanan, a former governor of the Bank of Thailand. He is the first non-government official to chair the authority in its twenty-year history.

The cabinet on the same day also ordered the transfer of the Managing Director of the Telephone Organisation of Thailand [TOT] Phaibun Limpaphayom.

Immediately after the news of Phaibun's transfer was made known, about 2,000 employees of the TOT demonstrated against the move. They marched from their headquarters to Government House carrying placards denouncing it as unjust.

However, Government Spokesman Montri Chenwitkan denied Phaibun was sacked because of corruption allegations. He said Phaibun was transferred to an appropriate post in the Communication Ministry because his expertise was needed there.

Vietnam

U.S. MIA Office Has 'No Evidence' of Prison

BK1908130292 Hanoi Voice of Vietnam in English 1000 GMT 19 Aug 92

[Text] The American MIA office in Hanoi said that there is no evidence to support U.S. Senator Bob Smith's statement that there is an underground prison to detain American GIs. Head of the U.S. office in Hanoi Lt Col Jack Donovan affirmed that he could not discover any information besides what he had read in newspaper.

Russian Ambassador to Hanoi Rashid Khamidulin on August 16 said that he believed there is no underground prison in Hanoi since Russian specialists helped Vietnam build the Ho Chi Minh Mausoleum in the early 70s.

Oil Exploration Contract Signed With Japan, U.K.

BK1908154192 Hanoi VNA in English 1525 GMT 19 Aug 92

[Text] Hanoi VNA August 19—A product-sharing contract for oil prospection at Block 04-2 on Vietnam's continental shelf was signed here this afternoon between Petrovietnam, Lasmo of Britain and C. Itoh of Japan.

Signatories were Ho Si Thoang, general director of the Vietnam Oil and Gas Corporation (Petrovietnam), Tom King, Lasmo director in charge of exploration and exploitation, and Kosuke Ewatake, C. Itoh executive director.

Under the contract, Lasmo and C. Itoh will contribute 100 percent of the capital in the exploration stage. If oil is found, the product will be shared according to agreed ratios. Petrovietnam is also entitled to own shares in the expansion of the oil field.

Vo Van Kiet Receives Malaysian Minister 19 Aug

BK1908153392 Hanoi VNA in English 1525 GMT 19 Aug 92

[Text] Hanoi VNA August 19—Chairman of the Council of Ministers Vo Van Kiet received here today visiting Malaysian Minister of Science, Technology and Environment Law Hieng Ding and his party.

With Chairman Vo Van Kiet was Dang Huu, head of the State Commission for Sciences.

Chairman Vo Van Kiet valued highly the results of the delegation's talks with the State Commission for Science which have paved the way for the signing of a cooperation agreement in science, technology and environment between the two countries. He said that sciences and technology must go one step achead, therefore cooperation in sciences, technology and environment would greatly help step up cooperation in many other fields.

The Malaysian minister reaffirmed that Malaysia is ready to share experiences and cooperate with and assist Vietnam in these fields. As a first step Malaysia will cooperate with Vietnam in the fields of communication and disposal of garbage and waste water.

Thai Commerce Minister Arrives for Visit 18 Aug

BK2008074392 Hanoi VNA in English 0530 GMT 20 Aug 92

[Text] Hanoi VNA August 20—Thai Commerce Minister Amaret Sila-on arrived in hanoi on August 18 for a working visit at the invitation of Minister of Trade and Tourism Le Van Triet.

The two ministers held talks the following day. They discussed how to promote bilateral economic and trade relations. They signed an agreement on cooperation in the production and export of farm produce.

The Thai minister also had working sessions with senior officials of other ministries in Hanoi. He left for Ho Chi Minh City this morning to continue his Vietnam visit.

NHAN DAN Marks August Revolution Anniversary

BK1908144392 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 18 Aug 92

[NHAN DAN 19 August editorial:"Consistently Maintain the Objectives and Firmly Advance Along the August Revolutionary Path"]

[Text] To every Vietnamese, the August Revolution is an unforgettable historic event, a great revolution that took the Vietnamese people out of eight decades of slavery, and a glorious landmark in our nation's history. In the revolution, all Vietnamese people, under the party leadership, rose to fight for national independence and opened a new path for the country.

In the past half a century, the Vietnamese people have endured numerous difficulties, made untold sacrifices, and fought gallantly to maintain the fatherland's independence and unification and the people's freedom. The revolutionary path is not adorned with flowers but is fraught with ordeals and obstacles. While we have great achievements in our revolution, there are still shortcomings and mistakes. Nevertheless, life has testified that our advance, as set by the August Revolution, is totally correct. It is the path of transition to socialism—a social system that meets the demands of mankind and complies with the evolution of history.

The consequences of more than 30 years of war for national salvation cannot be overcome overnight. Although our nation has enjoyed peace and has entered the national construction period, our economy is still weak. Our people are still poor and their daily life needs to be improved. However, each citizen and family can review their present situation to realize what the revolution has given them.

It is necessary to mention here that complicated and swift changes in the international situation in the past have profoundly affected our revolution. Crises in the socialist countries and the collapse of the former Soviet Union and other socialist nations have caused many people to be concerned. It has also led to the suspension of significant material and equipment aid to Vietnam. Various hostile forces have joyfully predicted that Vietnam will be seriously affected and will finally collapse. However, thanks to the correct revolutionary stand and firm political concepts of our party and people in the renovation undertaking, we have overcome numerous and acute ordeals. Our political stability has been firmly maintained, our economy has not been adversely affected, and improvements have been scored in some domains. Achievements gained in the renovation of the management mechanism and economic structure, in expanding foreign relations, curbing inflation, in agro-industrial production, and in export-import have created the prerequisites for extricating our country from the current crisis to achieve stabilization.

These achievements are a concrete base that will help restore the people's confidence along our chosen path and in the renovation set by our party. Self-reliance and the lessons on how to cope with difficulties are actually at the root of the new strength of our people in overcoming the trials ahead. Various hostile forces are resorting to schemes and tactics to undermine us politically and ideologically. They have put up an economic blockade against us, distorted the facts, and sowed division between our party and people with an aim of overthrowing our regime. However, our fatherland's fate, our nation's future, and our people's prospects all depend on our own people.

In the final analysis, whether we can stand firm and advance along the socialist path, depends chiefly on the strength of our party, Armed Forces, and people, as well as on the impetus, intelligence, and potential of our nation. Our objectives are to firmly maintain peace, quickly extricate our nation from the crisis, maintain and strengthen political security, develop the socioeconomic situation, make our country strong and our people wealthy, and firmly defend our socialist Vietnamese fatherland's independence and freedom. These are the profound and unbreakable aspirations of more than 67 million people of our population.

Since the implementation of the renovation, our country has advanced consistently and has made initial yet very important achievements. The achievements in 1991 and during the first half of 1992—when the world changed

swiftly and radically—have encouraged us to place firmer confidence in the intelligence and leadership capability of our party and in the firm impetus and creativity of our people. Our nation's potential in development testifies that we now have a firm foothold to advance further. However, difficulties and ordeals are still great. Although the instability in some areas have been overcome after implementing the resolutions of the seventh national party congress for one year, there are difficulties that we cannot belittle. It is necessary to say that we have not been able to extricate our economy from the current crisis. Bureaucratism and corruption prevail and social vices are increasing, thus causing concern to many honest people. Nevertheless, our party and people have gained ample experiences. Whenever we face difficulties, we are able to strengthen our ranks, restore our unity, and take effective measures to overcome all ordeals to advance.

The August spirit is a revolutionary offensive; the August impetus is a firm will to overcome all difficulties—even when the revolution was at a nascent stage. The August strength is the combined strengths of the national united front that, under the party leadership, will lead us to achieve the goal of building a happy and prosperous society for our people.

The August impetus and strength have encouraged us to develop the fine revolutionary tradition, renovate and consolidate our party, strengthen unity between the party and people, develop the combined strengths of our nation, continue to implement the renovation undertaking in accordance with the spirit of the seventh national party congress's resolution, and to firmly advance along the path chosen by our people, party, and Uncle Ho.

Forest Land Allotted to Households, Cooperatives

BK1908154592 Hanoi VNA in English 1520 GMT 19 Aug 92

[Text] Hanoi VNA August 19—Up by June 1992, the state had allotted 5.23 million hectares of forest and forest land to 789,750 farmer households and thousands of cooperatives, production collectives and schools for management.

Allotment of land and forest to individuals and colectives for long-term rent for plantation and exploitation has been a major policy introduced by lthe forestry sector since 1968.

Since then 1 million hectares have been afforested, 500 hectares put under subsidiary and industrial crops, and 8 billion timber trees phanted on scattered plots.

Meanwhile, the state had placed 4 million hectares of forest and forest land under the management of 426 state-run forestry estabilshments.

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